

K1284



Kimberly-Clark Corporation

LABOR AGREEMENT

Effective June 1, 2005

Between

KIMBERLY-CLARK CORPORATION

Everett, Washington

And

**THE ASSOCIATION OF
WESTERN PULP AND PAPER WORKERS**

And

ITS AFFILIATED LOCALS 183 AND 644

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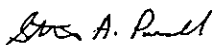
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EVERETT OCCUPATIONAL SAFETY AND HYGIENE POLICY

Kimberly-Clark and the Affiliated Locals 183 and 644 of the Association of Western Pulp and Paper Workers are committed jointly to achieve a workplace that is free of personal injury, occupational illness, property damage, and is in compliance with regulatory requirements.

To reach this vision, management and union leadership will provide clear priority for:

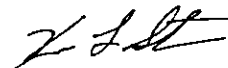
- **Growing a culture where safety is a value that is demonstrated in every activity we perform.**
- **Designing, installing and maintaining equipment that performs safely.**
- **Developing and enforcing safety management systems (under the guidance of SMART) which maintain appropriate safety standards and accountability for their application.**
- **Reinforcing the personal accountability to exercise care and caution in the industrial workplace, and to actively work toward the elimination of known safety issues.**



Steve Purnell
183 President



Scott Helker
Mill Manager



Kevin Standerfer
644 President

SECTION 1 - GENERAL PURPOSE OF AGREEMENT

The general purpose of this Agreement is to promote the mutual interests of the Company and its employees by providing for the operation of the Company's Everett Plant under conditions which will further the safety and welfare of the employees, efficiency of operations, quality and quantity of output, cleanliness of plant, protection of property, and conservation of our environment and natural resources to the fullest possible extent. It is recognized by this Agreement to be the duty and responsibility of the Company, the Union, and the employees, to cooperate fully, individually, and collectively for the advancement of these conditions. The Enabling Agreement and Joint Declaration Statement are attached hereto as Exhibit D and D-2 and made a part hereof.

SECTION 2 - RIGHTS OF THE PARTIES

The Union has all rights which are specified in the subsequent sections of this Agreement and retains all rights granted by law, except as such rights may be limited by provisions of this Agreement.

The Company retains all rights except as those rights are limited by the subsequent sections of the Agreement. Nothing anywhere in this Agreement (for example, but not limited to, the Recognition and/or Arbitration sections) shall be construed to impair the right of the Company to conduct all its business in all particulars, except as modified by the subsequent sections of this Agreement.

SECTION 3 - RECOGNITION

The Company recognizes the Union as the sole collective bargaining agent for all employees in the Company's Everett Plant, except those engaged in the following: administration, actual supervision, plant protection, sales, engineering and drafting, research and technical occupations requiring professional training, accounting, clerical, and other office work. Neither the Company, nor any supervisor or foreman, shall have any private understanding or agreement with an individual employee, or group of employees, in conflict with this Agreement.

SECTION 4 - UNION SECURITY

A. Any employee shall, as a condition of employment, become and remain a member of the appropriate Local Union on, or after, the (30th) thirtieth calendar day following their date of employment, or the effective date of this Agreement, whichever is the latter. An employee transferred for any reason to the jurisdiction of the other Local Union, will transfer their membership no later than (30) thirty calendar days following the change in jobs.

B. Any employee who is a member of the Union on the date of execution of this Agreement, or who thereafter becomes a member, shall as a condition of employment, maintain such membership for the duration of this Agreement.

C. The Union and the Company may agree mutually that an individual employee who has religious objections, or other valid objections to membership in the Union, need not be covered by any Union shop provision that may be provided hereafter.

D. The Union, or its Local Union involved, may request the Company to discharge an employee on account of their failure to become and/or remain a member of the Union, as required by this Section 4. Any such request shall be in writing and shall include written evidence offered in support thereof, and copy shall be delivered to the Company and the employee involved.

Within (10) ten days after receipt by both the Company and the employee of such request, and after the Company has held a hearing, if demanded by any affected party, the Company shall determine and in writing notify the Union, or its Local Union, and the employee of its findings. If such findings be adverse to the employee, they shall thereupon be discharged, effective as of the commencement of their next shift. If such findings be unsatisfactory to the Union, or its Local Union involved, the decision of the Company may be referred to the President of the Union, or their representative, and the General Manager of the Company; and if these two are unable to agree upon a satisfactory settlement, thereafter, may be submitted to arbitration in accordance with the procedure for such submission set forth in Sections 31 and 32 of this Agreement.

SECTION 5 - PAYROLL DEDUCTION OF UNION DUES

Upon the filing, with the Company by the Financial Secretary of the Local Union, of a written authorization in the form set forth below signed by any individual employee, the Company during the life of this Agreement will deduct from the wages due such employee the amounts specified in said authorization on account of Union initiation fees and dues. Each such authorization shall be irrevocable until the termination date of this Agreement, or until one year from the date of the authorization, whichever occurs sooner. The authorization shall, thereafter, remain in force until revoked by the employee by written notice to the Company. The amount of regular dues to be deducted may be revised only by written notice from the Financial Secretary given in advance to the Company.

AUTHORIZATION FOR PAYROLL DEDUCTION

Date _____

To: Kimberly-Clark _____
Everett, Washington _____

I hereby voluntarily assign to Local Union No. _____ from the wages due me from the Company the amount of my regular Union dues; and I authorize and direct the Company to deduct such amount from my said wages and to pay the same over to the Financial Secretary, or other authorized representatives, of said Local Union upon their receipt therefore in the name of said Local Union. I agree that this authorization cannot be revoked by me, until the termination of the said Agreement, or until the expiration of one year from the date of this authorization, whichever occurs sooner; and I further agree that this authorization shall thereafter remain in force until further written notice from me to the Company.

In addition, I voluntarily assign to the said Local Union from wages due me from the Company on the first day after this authorization becomes effective, the sum of \$ _____ on account of initiation fees or back dues; and I authorize and direct the Company to deduct such amount from my said wages and similarly to pay the same to the said Local Union.

(Signature of Employee)

(Employee Number)

I hereby certify to the Company that the above authorization was signed in my presence by _____ and that until and unless I notify you in writing of any

(Print name of Employee)

change, the regular Union dues payable by the said employee are \$ _____ per month.

Financial Secretary, Local No. _____
Or other authorized representative

The Company shall pay over to the Financial Secretary of the Local Union the amount of deductions made in accordance with authorization filed, and shall receive, therefore, the written receipt of the said Financial Secretary in the name of the Local Union. The details as to making of deductions and payments of same to the Local Union shall be arranged by the said Financial Secretary and the Company in such manner as most conveniently fits into the established payroll procedures of the Company, and results in payments to the Local Union once a month, or more often. Any deductions made by the Company under the provisions of this section shall be deemed trust funds until remitted to the Local Union, but such funds need not be kept separate from the Company's general funds. The Union agrees that the Company shall be saved harmless with respect to all deductions made and paid to its Local Union in accordance with provisions of this section.

SECTION 6 - NO INTERRUPTIONS OF WORK

It is agreed there shall be no strike, walk out, or other interruptions of work by the Union, any Local Union, or employee during the period of this Agreement. It is agreed there shall be no lockouts by the Company during the period of this Agreement.

In the event that in violation of the provisions of the preceding paragraph a strike, walkout, or other interruption of work shall occur in the mill of the Company, neither the Union nor the Local Union shall be subject to financial liability for such violation provided that the Union and the Local Union involved immediately after the beginning of such violation shall have:

- (1) Publicly declared such action a violation of this Agreement, and

- (2) In utmost good faith use its best effort to terminate such violation; it being further agreed that any employee participating in such violation shall in the discretion of the Company be subject to immediate discharge or other disciplinary action.

If an employee declines to cross a legally established picket line at the mill, they will not be subject to discipline for violation of this Section 6, provided that the picket line has been established by a Union representing employees of Kimberly-Clark and said Union is then engaged in a legal strike against the Company because of a failure to reach agreement on the terms of a new Labor Agreement.

SECTION 7 – HOLIDAY

A. There shall be (14) fourteen holidays during each year, namely:

| Designation Restricted | Length Hours | Starting Time | Starting Day | Ending Time | Ending Day | Restricted |
|---------------------------|-----------------|------------------|----------------|----------------|---------------|------------|
| July 3 | 24 | 8:00 AM | July 3 | 8:00 AM | July 4 | No |
| Independence Day | 24 | 8:00 AM | July 4 | 8:00 AM | July 5 | No |
| Labor Day | 32 | Midnight | Sunday | 8:00 AM | Tuesday | No |
| Day Before Christmas | 24 | 8:00 AM | Dec 24 | 8:00 AM | Dec 25 | No |
| Christmas Day | 24 | 8:00 AM | Dec 25 | 8:00 AM | Dec 26 | No |
| New Years Day | 24 | 8:00 AM | Jan 1 | 8:00 AM | Jan 2 | No |
| Memorial Day | 24 | 8:00 AM | Day Designated | 8:00 AM | Day After | No |
| Thanksgiving Day | 24 | 8:00 AM | Thanks Day | 8:00 AM | Day After | No |
| Employee's Birthday | 24 | 8:00 AM | Emp Birthday | 8:00 AM | Day After | Yes |
| Floating Holiday (5) | 24 | 8:00 AM | Day Designated | 8:00 AM | Day After | Yes |

NOTE: Employees on Compressed WorkWeek refer to Compressed WorkWeek Memorandum back of agreement

Regarding the employee's birthday, an employee must notify their supervisor no later than Monday of the week preceding the week in which the employee's birthday falls in order to provide time to secure a replacement, if one is required. Should their birthday fall on a holiday, specified in this Section 7, the employee will receive (16) sixteen hours' pay and be given the day off. Provided schedules permit, the employee may take their birthday holiday on any scheduled workday other than their birthday in accordance with the Floating Holiday Policy. Should more than one employee in the same department have a birthday holiday on the same day, it may be necessary for the Company to reschedule the holiday. When this occurs, an employee's birthday will have priority over another employee's substitute birthday. Mill seniority will determine scheduling priority in all other cases.

FLOATING HOLIDAY POLICY

1. The Floating Holiday is restricted and must be taken on a scheduled workday during the contract year at a time mutually agreeable to the employee and the Company.
2. Mill seniority shall prevail in the selection of an employee's Floating Holiday if requested by May 1 prior to the contract year. After May 1, requests will be granted on a first-come, first-serve basis. Requests made by May 1 will be confirmed or denied by posting on the appropriate department bulletin board (1) one week prior to June 1; and requests made after May 1 will be confirmed or denied in writing to the employee within (1) one week of the request.
3. Employees must request the Floating Holiday from their supervisors, and sign-up slips are required in all cases at the time the request is made.
4. Floating Holiday quotas will be decided by the Company. The rescheduling of Floating Holidays and exceptions to the quotas will be considered at the supervisory level.
5. Should the Floating Holiday fall on a non-restricted holiday, specified in this Section 7, the employee will receive (16) sixteen hours' pay.
6. Should a scheduling conflict arise, the actual birthday holiday will be given preference over the Floating Holiday.
7. It is the intent of the Company to allow employees to take Floating Holidays on a half-day basis. Requests for these half-day floaters, which are approved by the supervisor, will not be scheduled, as specified in this Section 7 of the Labor Agreement, but must comply with one of the following conditions:
 - a. Relief is available on shift,
 - b. No relief is necessary,
 - c. The crew agrees to run short,
 - d. A unit is shutdown.
 - e. Half-day Floating Holidays must be taken during the first- or last-half of a shift.

NOTE: Scheduling of half-day Floating Holidays will take effect June 1, 2006, on a trial basis for a period of (1) one year. In the event issues arise that cannot be resolved by mutual agreement, scheduling of half-day Floating Holidays will be eliminated.

On a holiday which is not restricted, there are no restrictions upon any work scheduled by the Company. Employees who work (4) four or more consecutive hours during the formerly restricted period of the Independence Day holidays and/or Christmas holidays, as defined in the parties June 1, 1981, contract, shall be given (1) one additional Floating Holiday, provided that no employee will receive more than (2) two additional Floating Holidays per calendar year, based on working the periods as described in this paragraph.

B. In each department of the mill, the time of ending of each holiday, specified in Paragraph A above, shall be varied from the 8 a.m. above prescribed, whenever necessary to coincide with the time nearest to 8 a.m., which is the regular starting time for the day shift in such department; and in the cases where such variation is so made, the starting time shall be correspondingly varied to comply with the prescribed length of the holiday. The time of starting and ending of each holiday, in addition to any variation which occurs pursuant to the preceding sentence, may be further varied by mutual agreement of the Company and the Union Standing Committee.

C. An employee who is on the payroll of the Company on any one of the holidays, listed in Paragraph A of this Section, will be granted (8) eight hour's holiday pay at the straight-time rate of the job, plus such additional compensation to which they are entitled under other sections of the Agreement. Holiday Pay for time not worked will be computed at the rate of the job to which the employee is assigned on the date the holiday occurs, or at the rate of the job to which they are assigned on their last shift just preceding the holiday, in those cases where they are not scheduled to work on the holiday. Provided, however, that if the employee has accepted extra work during a shutdown of their job, department, or plant which does not exceed (7) seven consecutive days' duration just prior to the holiday and which shutdown extends into the holiday, they will receive their Holiday Pay for time not worked at the rate of the job to which they were assigned on the last day just preceding such shutdown, or at the rate of the job on which they worked during the shutdown, whichever is higher.

1. The employee must have been on the payroll for not less than (90) ninety days just preceding the holiday.
2. The employee must have worked their scheduled work day before and scheduled work day after such holiday, unless failure to work their scheduled work day before or after the holiday was due to any of the following events:
 - a. When the employee is on regularly authorized paid vacation;
 - b. When the employee is unable to work by reason of an industrial accident as recognized by the Workers' Compensation Board;
 - c. When the operation in which the employee is engaged is curtailed or discontinued by the decision of management, and in which curtailment or discontinuance changes or eliminates the employee's scheduled work day before or their scheduled work day after such holiday;
 - d. When a trade in shifts agreed upon between employees and approved in advance by the Company results in a temporary change of a scheduled work day before or scheduled work day after a holiday, provided the employee works the shift agreed upon;
 - e. When *bona fide* sickness or other *bona fide* compelling reasons beyond the control of the employee prevents the employee from working all, or part, of their scheduled work day before, or their scheduled work day after a holiday, provided the employee affected, or the Local Union in their behalf, brings the case to the Company's attention within a reasonable time, and the Company approves such reasons as being *bona fide* and beyond the control of the employee;
 - f. When the employee, prior to a holiday, has made a written request to be excused from working all or part of their scheduled work day before and/or after such holiday and has received the written approval of the Company. Failure to grant approval will not be subject to the adjustment procedure, but the Union Standing Committee may discuss with the Company any action which appears to it to be discriminatory.

D. If an employee is absent from work more then (12) twelve consecutive months for any reason, they will not be eligible for holiday pay.

E. An employee shall not receive the Holiday Pay, provided above in Paragraph C of this Section, if they are scheduled to work on their regular job (or relief job if they are then working on a relief job) on such holiday and fails or refuses to work, except in the case where a *bona fide* sickness or other *bona fide* reason approved by the Company, prevents their working on such holiday.

F. An employee retiring on May 31 of any year will receive Floating Holiday Pay for the succeeding year.

G. Employees may take pay *in lieu* of Floating Holidays.

SECTION 8 - WAGES

A. Wage rates, in accordance with Exhibit A, attached hereto and made a part hereof, shall be paid.

B. Rates when moved from regular job:

1. Whenever an employee is moved from their regular job to a higher rate job, they shall receive the higher rate. An employee shall be deemed to be moved to a higher rate job when they take over the duties and responsibilities of that job without the guidance of the employee who is breaking them in. For the purpose of training only, the regular job referred to in this paragraph will be interpreted to mean the job to which the employee was assigned for the day, week, or period involved. An employee who trains in their PER job will receive their PER rate.
2. Whenever, for the convenience of the Company, an employee, during their regular shift is temporarily moved from their regular job to a lower rate job and their regular job is still available, the employee shall receive their regular job rate during that period.
3. When an employee, at the request of the Company accepts temporary work on a lower rate job, either before or after their regular shift or on their "day off" in order to fill some emergency vacancy existing, they are to receive their regular rate.
4. When an employee is directed to work for a temporary period on any suitable job other than their regular job, whether or not their regular job is available to them, they shall receive the rate of their regular job or the rate of the job to which they are moved; whichever is higher. When an employee's regular job is not available to them and they are offered work for the temporary period on any other job, they may elect to lay off instead of moving to the job offered at the rate for that job.
5. Where used in this Paragraph B, a suitable job means one for which the employee has necessary clothing and which they are physically able to perform without unreasonable hazard to their health or to the safety of themselves, fellow workers, and equipment.
6. When an employee, at their own request and for their own convenience, is temporarily assigned extra work before or after their regular shift or on their "day off," they are to receive the job rate of the extra work assigned. Requests from employees for extra work will be recognized only when such requests are made in writing on appropriate forms provided for that purpose, and shall be effective until canceled by the employee in writing.
7. Notification to employees of extra work which is available is not to be construed as an order or request that they accept such work.
8. In all cases, the employee is to be told the rate they are to receive before going on the job.
9. Where used in this Paragraph B, a temporary period is one so designated by the Company, but after such period has extended longer than one week and the employee involved is thereby dissatisfied, they may request the Union Standing Committee to discuss the matter with the Company and such period shall terminate, unless the Union Standing Committee and the Company agree otherwise.

SECTION 9 - HOURS OF WORK

Both parties to this Agreement are committed to maintain the principle of a basic workweek of (40) forty hours, subject to the following conditions.

- A. Employees on Compressed WorkWeek refer to Compressed WorkWeek Memorandum back of agreement.
- B. Employees may be required to work in excess of (8) eight hours per day and (40) forty hours per week when paid, as provided for in Exhibit A.
- C. Employees are not guaranteed any number of hours of work in any week.
- D. In cases where normally no relief is required, no employee shall work in excess of (16) sixteen consecutive hours.
- E. In cases where normally no relief is required, no employee shall work in excess of (16) sixteen non-consecutive hours in any (1) one day, except on a voluntary basis. However, that if the employee elects to go home after the (16) sixteen hours in this Paragraph E, the employee must notify their supervisor before leaving.
- F. In cases where relief is required, no employee shall work in excess of (16) sixteen consecutive hours.
- G. The Company will not require more than (1) one double shift in any week. A double shift is defined as (16) sixteen or more consecutive hours worked. If, after department overtime procedures have been exhausted, it is necessary for the Company to

require a double to fill a vacancy on a scheduled shift, the employee will have the option of working only (4) four hours, provided relief can be obtained. The Company will make every reasonable effort to provide relief. More than (1) one double may be worked in a week on a voluntary basis by an employee. In no case will more than (2) two double shifts be worked in a week, and in no case shall the double shifts be within (2) two consecutive (24) twenty-four hour periods. No employee will be allowed to work more than (12) twelve hours in the (24) twenty-four hours, following the day they have worked a double shift. Following a double shift, an employee will not be allowed to report back to work before they have had a minimum of (8) eight hours off following the double shift.

H. In case any employee has been requested by the Company to work a double shift and actually starts work on such shift, they will not be required to discontinue work prior to completing the double shift.

I. No employee will be required to work overtime because their relief is attending a meeting, other than a scheduled safety meeting or mandated safety training meeting (OSHA, EHS, etc.).

SECTION 10 – DEFINITIONS

Whenever used in this Agreement, including Exhibits, the male noun or pronoun is used to include the female noun or pronoun, where applicable, and

A. The word **EMPLOYEES** means all the employees of the Company employed in the Everett plant covered by this Agreement, except those engaged in the following: administration, actual supervision, plant protection, sales, engineering and drafting, research and technical occupations requiring professional training, accounting, clerical, and other office work.

B. The words **REPLACEMENT EMPLOYEE** mean an employee employed in a replacement group or pool, not permanently assigned to a permanent position in the mill. All will be notified in writing of their status. Except as otherwise specified in this Agreement, the term **EMPLOYEES** shall include **REPLACEMENT EMPLOYEES**. Any employee who has been notified that they are a replacement employee shall be considered an employee only during the period of their assignment to a job normally filled by an employee or the period of weekly assignment.

C. The word **DAY** means a period of (24) twenty-four hours, beginning at 8 a.m., or at the regular hour of changing shifts nearest to 8 a.m.

D. The word **WEEK** means a period of (7) seven consecutive days, beginning at 8 a.m. on Monday, or at the regular hour for changing shifts nearest to 8 a.m. on Monday.

E. The words **LOCAL UNION** mean the local of the Union concerned, in which employees of the Company are members and which shall act as the representative of the Union in the performance of those provisions of this Agreement, which provide for action by a Local Union.

F. The words **UNION STANDING COMMITTEE** mean, a committee elected by a Local Union, which shall represent the Local Union concerned in the performance of those provisions of this Agreement, which provide for action by a Union Standing Committee.

G. The words **VACATION RELIEF EMPLOYEE** mean an employee hired specifically to provide temporary coverage during the period of March 15 through September 30, and/or December 1 through January 31. These employees will have no seniority rights and may be terminated at the end of the coverage period; however, if a vacation relief employee is hired as a replacement employee at the end of the coverage period, then their seniority will be retroactive to their original hire date.

H. New hires shall be **PROBATIONARY EMPLOYEES** for the first (45) forty-five calendar days of employment. Probationary employees may be terminated without recourse to Section 29, 30, 31, and 32. In the event of termination within a probationary period, the appropriate Standing Committee Chairman and Financial Secretary will be promptly notified. If retained on the payroll at the end of (30) thirty days, the Company shall have a meeting with the employee and an appropriate Local Union Shop Steward for the purpose of induction. Upon completion of the (45) forty-five day probationary period, seniority shall revert to the date of hire.

SECTION 11 - SCHEDULING EMPLOYEES' WORKING TIME AND DAYS OFF

In scheduling employees, not including replacement employees with less than (1) one-year service or 1,800 hours worked, whichever is longer, working time and days off, the Company will comply with the following:

A. Employees on Compressed WorkWeek refer to Compressed WorkWeek Memorandum back of agreement.

B. The Company shall assign (2) two days off each week for each regular employee, except where this is inconsistent with the schedules involved in which case (1) one day off shall be assigned; and the foregoing shall also apply to an employee other than a regular employee while they are working on an established work schedule during which time they will assume the schedule of the job to which assigned for the period of the assignment. The Company shall make reasonable and diligent effort to so arrange schedules that the assigned days off of any employee shall be consecutive.

- C. Any employee transferred after the start of the week, from one job or shift or schedule to another, shall, solely for the application of the call time and overtime provisions, retain their assigned day(s) off, but only for the remainder of that week.
- D. The Company will not, solely for the purpose of avoiding the payment of overtime, change the day(s) off of an employee in a week in which a holiday specified in Section 7 occurs.
- E. An employee who has been required to work on their assigned day(s) off shall not be laid off on one of their scheduled work days in the same week solely for the purpose of limiting their hours of work to (40) forty.
- F. In a case where an employee is temporarily off work because of a shutdown of their job, department, or plant extending for not less than (48) forty-eight hours in excess of that normally encountered in their working schedule, the employee's regular schedule of hours per day and days per week, including starting time and assigned days off, shall be deemed to have been voided and shall no longer be in effect.
- G. The appropriate supervisor will notify an employee of any change in their shift or schedule and shift schedule will be posted on department bulletin boards.
- H. Any employee working on the shift prior to their regularly scheduled shift will not be sent home within (2) two hours of shift starting time. If they elect to stay during this (2) two-hour period, they may be assigned to any suitable job if their regular job is not available or needed.
- I. Employees who are assigned to a (5) five-, (10) ten-, or (15) fifteen-shift operation which normally works a Monday through Friday schedule, will have Saturday and Sunday as their assigned days off. Exceptions to this provision may be made by mutual agreement of the parties. It is not the intention of the Company to change schedules for the purpose of circumventing this Paragraph I.

SECTION 12 - ALLOWANCE FOR FAILURE TO PROVIDE WORK

- A. In case any employee reports for work having been scheduled or ordered to report for such work, unless notified not to report before leaving home for work, and then no work is provided, they shall receive an allowance of (2) two hours' pay at their straight-time rate for so reporting.
- B. Notwithstanding Paragraph A above, in case any employee is scheduled or ordered to report for work on their assigned day or days off, and is subsequently notified not to report less than (36) thirty-six hours prior to the start of such work, they shall receive an allowance of (2) hours' pay at their straight-time rate.
- C. In case any employee has commenced work on their regularly scheduled shift, they shall receive a minimum of (4) four hours' pay at their straight-time rate; if they commence work on other occasions, they shall also receive a minimum of (4) four hours' pay at their straight-time rate, plus call time, if applicable.
- D. Failure to provide notice under Paragraph A or B of this Section, or failure to provide work under Paragraph C of this Section shall not require such payments if the failure to provide notice or work is due to a breakdown, accident, or interruption of power. This exception shall not apply to employees commencing work on any shift beginning later than (8) eight hours after the discovery of the breakdown, accident, or interruption of power.

SECTION 13 - CALL TIME

Call time is paid, first, to discourage and limit certain conditions of work schedules which result in an unusual inconvenience to an employee and an extra trip to the plant; and, second, to compensate an employee for the unusual inconvenience and an extra trip when the condition is not avoided. All call time questions are to be determined in the light of the foregoing principles.

Employees (not including with less than (1) one year's service or 1,800 hours worked, whichever is longer) will be paid (3) three hours' call time at the straight-time day rate, in addition to the actual hours worked, subject to the following conditions. However, those who have worked (40) forty straight-time hours during the week will be assigned the remaining (2) two days that week as days off for the purpose of qualifying for call time provisions.

- A. Employees on Compressed WorkWeek refer to Compressed WorkWeek Memorandum back of agreement.
- B. Call time will be paid if, in accordance with instructions from Management, an employee works on a formerly restricted holiday as defined in Section 7 (payment is limited to (1) one call time per person per holiday).

C. Call time will be paid if, in accordance with instruction from Management, an employee works on either of their assigned days off as defined in Section 10 and Section 11 subject to the following exceptions below:

1. When an employee works beyond their shift into their assigned day(s) off for a period not to exceed (4) four hours, no call time is payable.
2. When an employee starts their following day's work within their assigned day(s) off, no call time is payable, if the period of work within the day off does not exceed (2) two hours, and if at least (36) thirty-six hours' notice, thereof, has been given prior to the start of such work.
3. Call time will not be paid for non-mandatory attendance at additional training opportunities, meetings, and other office or clerical-type functions not directly related to the performance of maintenance, operations, clean-up, on-the-job training, or other work related to the performance of a job. Call time will not be paid for work that is not either scheduled or the result of a call-in.
4. For Compressed Work Week employees, if an employee is scheduled for overtime, call time will be paid only up to (6) six hours, if the shift coverage is split and not worked by one person.

D. Call time will be paid if, in accordance with instruction from Management, an employee punches out, either during or at the end of their regular shift and reports for work again in the same day subject to the following exceptions:

1. When the additional period of work in the same day results from a reasonable meal period, no call time is payable.
2. When the additional period of work in the same day extends into the starting time of the employee's established shift on the following day, no call time is payable if the period of work within the same day does not exceed (2) two hours, and if at least (36) thirty-six hours' notice thereof has been given prior to the start of such work.

This Paragraph D, relating to "recall to work" or a "separate shift" in the same day in addition to an employee's regular shift, requires the payment of call time regardless of whether the employee reports for the separate and additional period of work in the same day before they report for their regular shift or after they punch out from their regular shift, provided it is actually a separate period of work apart from their regular shift and does not extend into or out of their regular shift.

E. Call time will be paid if, in accordance with instruction from Management, the starting time of an employee's work is changed to a new starting time, either earlier or later than the previously established starting time, subject to the following exceptions:

1. When notice of change in starting time is given at least (36) thirty-six hours prior to the newly established starting time, no call time is payable.
2. When the change in starting time is for a temporary period only, no call time is payable for the second change in starting time when the employee changes back to their previously established starting time, at the end of the temporary period.

F. Certain privileges, such as working on an employee's assigned day off, trading shifts, or reporting for work at an earlier or later starting time than that established, are often requested by employees for their own convenience. Management grants those privileges when approved by the employee's supervisor. The call time provisions are not intended to prevent or affect that practice and, as those practices are for the employee's convenience, call time is not payable in such cases.

G. When an employee is temporarily off work because of a shutdown of their job, department, or plant, extending for not less than (48) forty-eight hours in excess of that normally encountered in their working schedule, the employee's regular schedule of hours per day and days per week, including their starting time, and assigned days off, shall be deemed to have been voided and shall no longer be in effect. Call time shall not be payable for any assignments to extra work during the shutdown period or for assignments in connection with the resumption of operation of the job.

H. The starting time of an employee's work may be changed at any time by the Management.

I. It is further understood and agreed that in the payment of call time on the bases provided in this Section, not more than (1) one basis shall be used to cover the same period of work; nor will call time be added to, or paid *in lieu* of, allowance payable under Section 12, Paragraph A, B, or D.

J. The practice of "pyramiding" call times (i.e. a call time for each additional job performed while already in the mill on a call in) will not be allowed. Employees called into the mill will have the option of leaving when the original job that they were called in on is completed.

SECTION 14 - ALLOWANCE FOR FOURDRINIER WIRES

The practice of paying a special rate for machine clothing changes will be eliminated and an additional (\$.07) seven cents per hour adjustment will be made to the base rate of all active employees for whom Wire time is applicable.

SECTION 15 - EMPLOYEE OBLIGATION

All employees shall be at their posts ready to begin work at their scheduled starting times. Employees whose jobs require relief shall remain at their posts until relieved by their mate or released by their supervisor. If requested, a supervisor will make every reasonable effort to provide a relief, including an effort to call in appropriate employees, if necessary.

In cases where normally no relief is required or where employees who have been relieved are assigned further work, a supervisor will, if requested by the employee, make every reasonable effort to provide a relief. This will include an effort to call in appropriate employees, if necessary, when the period of work is expected to exceed (1) one hour.

SECTION 16 - BULLETIN BOARDS

The Company shall supply adequate enclosed official bulletin boards for the use of the Local Unions in posting of official Union documents.

SECTION 17 - COMPANY RULES AND REGULATIONS

A. Employees who violate any of the Company Rules will be subject to disciplinary action, which may include discharge, depending upon the circumstances of each case. The Company will post copies of Company Rules as presently established and as amended from time to time, on bulletin boards.

B. The Company recognizes that the Union has the right to grieve with respect to the establishment and administration of the Company Rules and Regulations.

C. Discharge or suspension of an employee (not including a temporary layoff) shall be based on just and sufficient cause with full explanation given to the employee in writing. The Chairman of the Union Standing Committee will be notified of meetings at which discharge or suspension action is being considered by the Company, and a member of the Union Standing Committee and an Area Shop Steward will both have the opportunity to attend such meeting.

SECTION 18 - REPRIMANDS

A. No employee will be required or requested to sign a written reprimand.

B. When an employee, not accompanied by a Union representative, discusses with their supervisor an alleged fault on the part of the employee and the discussion reaches the point where, in the judgment of the supervisor, a written reprimand or serious disciplinary action is justified, the final decision will be deferred until after an opportunity has been given to a Union representative to discuss the matter with the supervisor in the presence of the employee. For the purpose hereof, the term Serious Disciplinary Action does not include immediate discharge or temporary suspension pending consideration of discharge.

C. Any reprimand issued must state the reason, or reasons, the employee has been reprimanded. In cases when an employee is given a written reprimand, copies will be provided for the employee involved, the Union Standing Committee, and the Company files. At each meeting of the Standing Committees, all such intervening written reprimands shall be recorded in the minutes of the meeting. If a grievance is made of any reprimand, the findings shall also be recorded.

D. When an employee who has received a written reprimand(s) or suspension(s), which is a part of their record, works for (1) one year without receiving another written reprimand(s) or suspension(s), all reprimands and suspensions of record will be removed from their record.

E. Time lost due to an industrial injury incurred while in the employment of the Company will be excluded when an employee's absentee record is being reviewed for purposes of taking disciplinary action.

F. A supervisor will not attempt to dissuade an employee from getting Union assistance by openly or otherwise threatening them with loss of standing or any other form of reprisal if the employee should bring the Union representative into the issue.

SECTION 19 – SAFETY

The parties agree that the health and well-being of our employees is vital to our long-term success. We must strive to achieve an accident-free workplace. To do this, the parties understand that the total organizational involvement efforts and individual accountability to work safely can not be optional. With the signing of this agreement, the parties agree that the Plant Health and Safety Committee (PHSC) is the responsible party for holding both hourly and salaried employees accountable for safety improvement. Additionally, employees will need to be accountable to one another to reinforce safe behavior and confront unsafe behavior. The parties will insure that Safety Coordinators and Supervisors will be trained and accountable to implement the site safety plan. Appropriate safety incentives will also be developed by the PHSC to reinforce safe behavior.

A. Supervisors are to confine their instructions and procedures within the generally accepted standards of safe practice. An employee will not be disciplined for refusing a work assignment which is unsafe under applicable safety laws.

B. A joint Plant Health and Safety Committee, consisting of (4) four members from each Local Union and Management representatives, will meet at least once a month to consider all safety problems, to coordinate activities of departmental sub-committee, to establish new safety rules, and to change or eliminate existing safety rules by mutual agreement.

C. Employees and the Company are to comply with all safety rules, including any applicable Federal or State safety codes.

D. The Company will pay appropriate straight-time rate for time lost from work by employees who participate in official OSHA and WISHA safety inspections.

E. The Company and the Union are committed to participate yearly in a regional Safety Conference to be selected by the PHSC.

1. Delegates to the Conferences:

- a. Each Local Union will be expected to select up to (6) six official delegates from its Local Union membership to attend the conference in its area.
- b. The Company shall select official Management delegates to attend the conference equal in number to the official Local Union delegates.
- c. In the selection of the official delegates specified above in sub-paragraphs "a" and "b", each Local Union and the Company agrees to use their best efforts to select persons as official delegates who are willing to actively work to improve the plant's safety program throughout the year.
- d. In addition to the official delegates specified above, each Local Union and the Company shall be privileged to have unofficial representatives in attendance as guests of the conference.

2. Wages and Expenses of Official Local Union Delegates -- The Company will reimburse each official Local Union delegate from its plant as follows:

- a. A sum equal to (8) eight hours pay at the straight-time rate, or (12) twelve hours pay at the straight time rate for Compressed Work Week, including applicable shift differential of the delegate's regular job, for each day actually spent in the safety conference,
- b. Reimbursement for hours due to traveling to and from the safety conference at the straight-time rate, including applicable shift differential of the delegate's regular job, up to a maximum of (8) eight hours per day, or (12) twelve hours' pay for Compressed Work Week, and not to exceed (2) two days.
- c. The Local Union will reimburse its official Local Union delegates for reasonable traveling and living expenses necessary to attending the conference.

F. At their request, an employee will be provided with a copy of the Washington State Self-Insurance Form, describing an accident in which they were involved. The Company will also submit a copy of the OSHA Form 300, on a monthly basis, to both local Presidents.

G. All new employees and employees transferring to a department for the first time shall be given full orientation in all applicable safety rules and procedures to include but not limited to:

1. Work familiarization with tools, processes, chemicals and fire prevention
2. Who to report emergencies, spills, accidents and unsafe conditions to (and emergency medical and fire plans)
3. Lockout procedures
4. Safe work procedures and methods
5. Chemicals used and proper precautions

H. One member from the appropriate Local Union Safety Committee shall be present at all lost-time accident investigations.

I. With the ratification of this contract, the parties agree to establish a joint committee to select a safety program focused on improving fundamental safety issues at Everett. The Union will designate up to (3) three members from each local Union, Management representatives will be appointed to the committee, but will not exceed the number of Union participants. Union members of the committee will make a selection within (6) six months after contract ratification. Upon final selection, the committee will present their findings and recommendations to Corporate OS&H and Family Care Sector Safety Leadership for endorsement. Both parties are fully committed to follow the selected program recommendations.

SECTION 20 - SENIORITY

This Section 20 shall determine the application of an employee's length of service in those situations in which seniority is a factor; namely, promotions, demotions, transfers, and recalls.

A. DEFINITIONS

For the purpose of this Section 20 and ground rules established hereunder, the following definitions apply:

1. MILL means the entire manufacturing facility at Everett, Washington, in which the employees are covered by this Agreement.
2. DEPARTMENT means a section of the mill.
3. OPERATIONAL UNIT means a section of the mill.
4. PROGRESSION LADDER means a series of reasonably related jobs in a department in the mill.
5. JOB OPENINGS means an opening which Management decides must be filled.
6. MILL SENIORITY means length of continuous service of an employee from the most recent date of hire.
7. DEPARTMENT, PROGRESSION LADDER, AND JOB SENIORITY means the length of service in the department, progression ladder, or job.
8. PROMOTION means the movement of an employee from any rung on a progression ladder to a higher rung on that same ladder and also means the movement of an employee from any job to a job opening not on a ladder which pays a higher straight-time hourly rate, moving from one skill level to a higher skill level.
9. DEMOTION means the movement of an employee from a higher rung on a progression ladder to any lower rung on that same ladder and also means the movement of an employee from the bottom rung of a ladder, or from any job not on a ladder, to a layoff pool, moving from one skill level to a lower skill level.
10. TRANSFERS mean the movement of an employee from any job to a job opening which is not a promotion or demotion.
11. LAYOFF means the movement of an employee from any job to unemployed status.
12. RECALL means the return to work of an employee who has been unemployed but who has not lost seniority.
13. QUALIFIED means the ability of an employee to satisfactorily discharge the duties and responsibilities of the job involved.
14. SENIORITY GROUND RULES mean the rules and procedures established for the application of seniority at the local level.
15. A LAYOFF POOL means a pool designated by Seniority Ground Rules for the purpose of permitting senior employees, who would otherwise be laid off from work to exercise their seniority.

B. GUIDELINES

1. The written Seniority Ground Rules now on record (which effectuate the application of seniority as provided in this Section 20) shall continue in effect during the period of this Agreement, subject to change only by mutual agreement.
2. In cases where a layoff is expected to extend at least (24) twenty-four hours, but not longer than the beginning of the first week following the day their layoff starts, senior employees, up to a maximum of (50) fifty, will be protected from layoff in the following manner:
 - a. Those protected will not be laid off while junior employees from the replacement list are working in layoff pool jobs. The Company will assign these senior employees to jobs throughout the mill according to the need of the business. Remaining openings will be filled in accordance with established procedures.
3. In all cases of layoff extending longer than the beginning of the first week following the day their layoff starts, a senior employee will not be continued on layoff as long as a junior employee is working on a layoff pool job. Any employee who

has been on layoff or protected in accordance with the provisions of Paragraph B. 2 above for a period of (8) eight consecutive days, will be compared by mill seniority with all employees in the mill except those assigned to the Mechanics package by PER. If they are senior to any of those he is compared with, they will be recalled no later than the Monday following the (8th) eighth day of the initial layoff period referred to above. In the event of a planned layoff that is expected to last more than (2) two weeks, bumping on the basis of mill seniority will be accomplished effective on the first Monday of such layoff. If a junior employee is laid off from above the bottom job of a ladder or group, the job will be filled by making the required moves. If the junior employee is on the bottom job of a ladder, the job opening will be filled by following the job change procedure.

4. Each job opening will be filled by a qualified senior employee in the mill. Before affecting any personnel change where seniority is not the determining factor, the Company shall notify the appropriate Local Union and shall provide an opportunity for the Union to discuss the matter. When a job opening which has not been posted has been filled for (90) ninety continuous days, the Company will discuss the matter with the appropriate Local Union.

5. Exceptions to the provisions of Paragraphs 2 and 3 above may be established by mutual agreement between the Company Standing Committee and the Union Standing Committee. Such exceptions shall be in writing and shall be subject to change at any time by mutual agreement.

6. The parties agree that the Company shall have the right to establish new progression ladders, to change, or to eliminate existing progression ladders in order to properly reflect the addition, deletion, or change in the duties of job classifications by the Company. However, any employee adversely affected by such an action by the Company has the right to pursue a grievance; but if it reaches the arbitration state, the arbitrator's decision shall not establish, change, or eliminate any progression ladder. Before applying this Paragraph 6, the Company will contact the appropriate Local Union Standing Committee and every effort will be made to arrive at mutual agreement.

7. The parties agree that a job opening on any rung of a ladder above the bottom rung shall be filled by the most senior qualified employee then on the rung next below the rung that is to be filled. Exceptions to the foregoing may be established by mutual agreement.

C. SUPPLEMENTARY PROVISIONS

1. The seniority rights of Mechanics and of applicants for Mechanics' positions in mechanical crews and the obligations of the Company with respect thereto are set forth as a part of the Mechanics' Package. The parties agree:

- a. That this Section 20 does not nullify the seniority provision of the Mechanics' Package relating to the application of seniority, and
- b. Employees subject to the Mechanics' Package shall have all of the rights specified in this Section 20 and in Seniority Ground Rules to the extent such rights are consistent with the Mechanics' Package.

2. Status of Employees Laid Off, On Leave of Absence or Terminated: Notwithstanding the foregoing provisions of this Section 20 or the provisions of Seniority Ground Rules, any employee who, due to no fault on their part, is without work and who either (1) is being carried on the payroll in laid-off status, or (2) is on leave of absence, or (3) has been terminated, as the case may be, shall have the rights and be subject to the conditions below set forth:

- a. Any employee who has been on the payroll of the mill for less than (3) three months of continuous employment, and who is terminated due to no fault on their part shall incur no loss of credit for length of service for the purpose of any benefit under the Agreement if such employee is rehired within (120) one hundred and twenty days after date of such termination.
- b. Any employee who has been on the payroll of the mill for (3) three or more months of continuous employment, and who, due to no fault on their part, is without work will not be terminated for a period of at least (1) one year after date of last layoff or while a mechanic with less mill seniority is on the payroll. However, should they fail to report to work within (1) one week after the date of certification or registration of a letter mailed to their address last reported to and received by the mill, they will thereupon be terminated. The Company will consider and make a reasonable effort to rehire former employees who have been terminated because of the layoff or curtailment before hiring a new employee.
- c. No person will be hired from the outside into a full-time job as long as a senior qualified employee desires to move into the job opening.
- d. In any case where an employee is absent from work because of a physical disability, the employee's right to any benefit under the Agreement will be maintained for a period of (2) two years, unless any competent medical authority advises that such employee is deemed permanently disabled to the point where employment should not be resumed.

At the end of the (2) two years of disability, the Company will take no action to terminate the disabled employee without prior consultation with the Union Standing Committee. In any case where employment is held open beyond (2) two years, such employee will not accumulate seniority during such extension beyond (2) two years except by mutual Agreement.

- e. During a leave of absence period provided for herein, the employee's right to their job will be maintained; they will receive vacation pay if qualified under Section 24; will receive holiday pay if qualified under Section 7; and will be eligible for such Health and Welfare coverages as are available to them under Exhibit B; and will be eligible for such pension rights as are available to them under the Retirement Plan.
- f. During a layoff period provided for herein, the employee's rights to their permanent PER job will be maintained for the first (28) twenty-eight calendar days of a layoff. After (28) twenty-eight calendar days of layoff, the employee will lose all rights to their permanent PER job and will maintain seniority rights only to a job in the mill upon recall; they will receive vacation pay if qualified under Section 24; will receive holiday pay if qualified under Section 7; and will be eligible for such Health and Welfare coverage's as are available to them under Exhibit B; and will be eligible for such pension rights as are available to them under the Retirement Plan.
- g. Whenever any employee bids for, and is awarded, a relief job in a department or progression ladder which maintains relief and/or spare job classifications, they will move to the Plant Replacement List and retain their PER rate of the position they are occupying on a permanent basis at the time they are awarded the relief job.

3. Whenever the Company has made plans for substantial technological changes or the closing of departments which will result in permanent reduction of the work force, advance notice and consultation will be held with the Local Union Standing Committees. In such cases, honest effort will be made jointly to place affected employees on available jobs in the mill for which they are qualified. Job openings may be, by agreement, earmarked for named employees who are on a list of employees expected to be displaced by changes referred to above. This provision will not apply to normal layoffs.

SECTION 21 - GROUND RULES

Ground Rules are attached hereto as Exhibit C and made a part hereof.

SECTION 22 - SUPERVISORS

A supervisor or temporary supervisory shall not perform non-supervisory work which is normally done by an employee unless such work by the supervisor:

- 1. Is performed to instruct an employee who does not have sufficient training to maintain continuity of operation; or
 - a. Prompt execution of the training is essential, and
 - b. Employee(s) qualified to do the training are not available in the plant without interference with other work, and
 - c. Qualified employee(s) not in the plant are either not available within the time necessary to complete the training or could not be expected to reach the plant within a reasonable time prior to the completion of the training, or
- 2. Results from the occurrence of fire, flood, or other form of catastrophe; or
- 3. Is performed in an emergency situation which is defined as a condition in which a., b, and c must be present:
 - a. Prompt execution of the work is essential and
 - b. Employee(s) qualified to do the work are not available in the plant without interference with other work, and
 - c. Qualified employee(s) not in the plant are either not available within the time necessary to complete the work or could not be expected to reach the plant within a reasonable time prior to the completion of the work.
- 4. Is to receive training experience for salaried employees through hands-on, job-shadowing without displacing hourly employees. The supervisor will follow the trainer for at least (1) one, but no more than (2) two, shift rotations. Such training will be part of a formal training program and will be communicated to the affected Chairman of Standing Committee at least two weeks in advance.

SECTION 23 - MEALS

Formally - Meal Section.

SECTION 24 - VACATIONS

Employees as defined in this Agreement shall be granted (1) one week's vacation with pay, subject to the following terms and conditions:

- A. The vacation year will commence with the first Monday following June 1 of each calendar year.

B. Employees with less than (1) one year of service and on the payroll as of June 1 and who have worked a minimum of 1500 hours will be counted as having (1) one full year of service for determining eligibility for vacations below.

C. Employees on the Company payroll as of June 1 with at least (1) one year of service and who have worked a minimum of 1000 hours during the year immediately prior to June 1 will be eligible for vacations based on the number of years of service, as follows:

| Years of Service Completed as of June 1 | Weeks of Vacation |
|---|-------------------|
| 1 | 1 |
| 3 | 2 |
| 5 | 3 |
| 10 | 4 |
| 15 | 5 |
| 20 | 6 |

D. Vacation Days:

1. All employees will be allowed to take (1) one week of vacation as single days. Employees with (4) four or more weeks of vacation may take (2) two weeks of vacation as single days. Employees must schedule and take at least (3) three weeks of vacation as either full weeks or a combination of full weeks and single days.
2. Single-day vacations must be taken as full days. There will be no half or partial days allowed.
3. No employee will be allowed to work a scheduled single-day vacation.
4. The number of single days will be determined by the employees' normal workweek schedule at the commencement of the single-day vacation sign-up period (i.e. 4, 5 or 7 days).
5. Single-day vacations will not be used to cover absences.
6. All single-day vacation changes must be done in advance with prior approval. As is the case for full-week vacations, single-day vacation requests beyond the established sign-up limits must be approved in advance by the department manager.
7. Sign-ups for single day vacations will occur in the following sequence:
 - a. Selections for full-week vacations will be completed by seniority two weeks at a time until all vacations have been selected.
 - b. Floating Holidays may be selected by May 1 by Mill seniority.
 - c. After May 10, single-day vacations, followed by any remaining Floating Holidays, will be granted on a first-come, first-serve basis.

Note: The increase of single-day vacation time to (2) two weeks will become effective on June 1, 2006, on a trial basis for a period of one year. In the event issues arise that cannot be resolved by mutual agreement, the single-day vacation allotment will revert back to (1) one week.

E. Provided that, with respect to either B or C above, if a termination of employment occurred in the eligibility period, credit for length of employment or for hours worked prior to the termination of employment shall not be included except as provided in Paragraph C. 2. a. of Section 20.

F. Any employee who does not meet the qualification of hours worked set forth above may, where applicable, use the following to qualify for a vacation:

1. Time lost as a result of an accident, as recognized by the Workers' Compensation Board, suffered during the course of employment shall be considered as time worked in applying the above provisions.
2. For the purpose of determining the qualifications for vacation of an employee with (1) one or more years of continuous service, time lost by them for which non-industrial Sickness or Accident Benefits are paid to them under the Company's Welfare Plan shall be construed as time worked in applying the provisions of Paragraph C of this Section 24, provided that: (1) time so lost shall be computed at (8) hours per day and (40) forty hours per week; and (2) that if the time lost so computed exceeds 520 hours in any contract year, only 520 hours shall be considered as time worked under the provisions of this subparagraph.

3. Time spent in the following activities, but limited to (8) eight hours per day and (40) forty hours per week, will count as qualifying hours:
 - a. Paid funeral leave
 - b. Paid jury duty
 - c. Paid vacation
 - d. Time spent at the negotiations as an official member of the Bargaining Committee
 - e. Leaves of absence under Section 35 B
 - f. Paid holidays

In addition, hours credited under subparagraph 2 of Paragraph D of Section IV - Exhibit A shall be counted as hours worked for the purpose of qualifying for vacation.

G. It is agreed that any employee who has left the employ of the Company prior to June 1 for the purpose of serving in the Armed Forces, but who otherwise has fulfilled the qualifications for a vacation during the year just proceeding that June 1, will be granted vacation pay. The vacation pay will be mailed to the employee immediately following said June 1, providing satisfactory proof has been furnished to the Company that the employee is serving in the Armed Forces.

H. Any returning serviceman who:

1. Was on the payroll of the Company at the time of induction into the Armed Forces; and
2. Made application to return to the employ of the Company within (90) ninety days after being relieved from duty in the Armed Forces; and
3. Actually performed work for the Company on, or before, the June 1 immediately following their return from the Armed Forces; and
4. Had qualified for (1) one week's vacation while in the employ of the Company in the eligibility period in which they were inducted, or in the next preceding eligibility period; or whose service with the Company immediately preceding their induction, plus their service since their return from the Armed Forces immediately preceding June 1, is sufficient to qualify them for a vacation under the requirements existing at the time he returns, shall be granted (1) one week's vacation with pay, whether or not he worked 1,000 hours in the eligibility period immediately prior to said June 1.

Any returning serviceman when they have qualified for (1) one week's vacation on any of the basis made available to them whose total length of service with the Company, including the time spent in the Armed forces, is sufficient to qualify them for a longer vacation, shall be granted the longer vacation without applying the requirements of hours worked to that period spent in the Armed Forces. It is understood that there shall be (1) one vacation for each eligibility period.

I. The allotment of vacation time is to be decided by the Company.

1. Notwithstanding Paragraph D of Section 10, the Company is permitted, but not obligated to adjust starting days of vacation time for employees, if so requested.
2. Employees may draw vacation pay and continue to work *in lieu* of taking the (4th) fourth, (5th) fifth or (6th) sixth weeks of vacation.
3. The Company is not committed to allot (2) two, (3) three, (4) four, (5) five, or (6) six consecutive weeks of vacation. However, the Company will allot (2) two consecutive weeks of vacation whenever operating conditions permit.
4. The Company shall give timely notice to each employee of their allotted vacation time and shall then consider in good faith, before making final decision, any change asked for by the employee or the Union Standing Committee. Such change may be asked for and shall be considered if it arises from a personal preference for a vacation during a particular part of the vacation year. At the employee's request, changes may be granted to coincide with an announced shutdown of their department or the mill. However, an employee will not be required to take a vacation at the time their department or the mill is shutdown.
5. All employees shall receive day-off to day-off vacations, except employees who are assigned to a (10) ten- and (4) four-shift schedule. Day employees who are scheduled Monday through Friday on a day shift will be subject to voluntary work on the first Saturday and Sunday of their vacation only.

J. The vacation must be taken within the vacation year (June 1 through May 31); that is, it may not be accumulated to be used in the following vacation year.

K. Beginning in the 2006-2007 vacation year, each employee, during the vacation sign-up period, but no later than April 30, will designate their choice of receiving pay for vacation in a lump sum or as their vacation occurs. Lump sum payments will be in the form of a single and separate payment for all vacation weeks and will be issued the second payday of June. Employees electing

to be paid for vacation weeks as they occur will be paid in accordance with the normal pay schedule. Employees who fail to elect one of the above vacation payout options will be assigned to receive vacation pay as a lump sum. Vacation pay for employees shall be computed for each week at the higher rate of:

1. Two percent (2%) of such employee's gross earnings (minus supplemental pay) but including Union W-2 portion for lost time only during the (12) twelve-month period immediately preceding the vacation year, or
2. Fifty (50) hours at the rate of their June 1 PER or protected rate.

L. An employee with (5) five or more years of continuous service, who is terminated from the payroll as an employee for any reason other than discharge for disciplinary reasons, will receive vacation pay for the current vacation year (June 1 to June 1) in the amount of (1/12) one-twelfth of their previous year's vacation pay for each complete calendar month worked since the previous June 1.

M. When an employee is retiring, they are terminated from the payroll as an employee, and as such, they are no longer a part of the Collective Bargaining Unit covered by this Agreement. However, the Company has agreed that in case of an employee who is retiring prior to June 1, pursuant to a retirement plan in effect, or at age 65 or later, pursuant to the Social Security Act, and who has fulfilled the requirements of the Agreement as to hours worked within that vacation year, the requirement that they be on the payroll on June 1 shall be waived; and upon retirement, they shall be paid a sum equivalent to vacation pay based on their then-current rate. Provided, however, that if said retiring employee has not fulfilled the requirement of the Agreement as to hours worked within that vacation year, it is agreed that upon retirement they shall be paid a sum which shall be computed on a prorated basis, dependent on the number of hours they worked as related to 1,000 hours.

N. In the event an employee dies while on the payroll prior to June 1, but who prior to death, fulfilled the requirements of the Agreement as to hours worked within that vacation year, their heir (or heirs) shall, upon proof of entitlement satisfactory to the Company, be paid vacation pay they would have been entitled to at their then current rate.

SECTION 25 - JURY DUTY ALLOWANCE

A. Employees on Compressed WorkWeek refer to Compressed WorkWeek Memorandum back of agreement.

B. Any employee who is required to perform jury duty or is subpoenaed as a witness will be entitled to reimbursement at the straight-time hourly rate of their regular job for the hours necessarily lost as a result of serving on the jury, provided however, that such reimbursement shall not exceed (8) eight hours per day or (40) forty hours per week, less pay received for jury duty. The employee will be required to furnish a signed statement from a responsible officer of the court as proof of jury service and jury pay received. An employee on weekly assignment will be considered to be on a regular job for purpose of jury duty pay assignment.

C. Hours paid for jury duty or as a subpoenaed witness will be counted as hours worked for the purpose of computing vacation and holiday pay and will be counted as hours worked for the purpose of computing overtime.

D. Notice: It shall be the responsibility of an employee called for jury duty to immediately notify in writing the Human Resources, their supervisor, and Shop Steward the facts connected to their call for jury duty.

1. Snohomish County Superior or Petit Jury Duty:

- a. Day Shift: If the employee is required to report to Court and signs the jury docket, they are not expected to come to work that day.
- b. Swing Shift: If the employee is required to report to Court and signs the jury docket, they are not expected to come to work that day.
- c. Graveyard Shift:
 - (1) An employee is not expected to work the graveyard shift immediately prior to the day they have to report for jury duty.
 - (2) If the employee is not required to be in Court the following day, and is released prior to 12 Noon, they are expected to come in to work their graveyard shift that night. They are expected to call in within 1-1/2 hours after being released for the day that they are coming in to work that night.

2. Other Jury Duty Possibilities:

- a. Federal Grand Jury
- b. Federal District Court
- c. King County Superior Court
- d. Coroner's Jury

In the event of a call for jury duty for one of the above listed possibilities, each case will be discussed as it comes up, taking into account the nature of the jury duty, the location of the court, the expected duration of the call, and many other variables.

E. Employees will not be permitted to trade shifts in order to work and serve on a jury. Further, the Company will not change an employee's shift that is on a jury duty unless such a change is agreed to by the employee involved.

SECTION 26 - FUNERAL LEAVE

A. Employees on Compressed WorkWeek refer to Compressed WorkWeek Memorandum back of agreement.

B. An employee who requests time off due to the death of a member of their immediate family will be granted up to (3) three days' leave of absence, with pay, at their regular straight-time hourly rate. The funeral leave of absence, with pay, must be (3) three regularly scheduled workdays during the period commencing with the date of death and continuing through the third day after the funeral. If a holiday specified in Section 7 occurs during this period, the employee will nonetheless be eligible for a maximum of (3) three days off with compensation in addition to the holiday. An employee on weekly assignment will be considered to be on a regular job for the purpose of funeral leave pay assignment.

C. Members of an employee's immediate family shall be limited to the employee's spouse, mother, father, step-mother, step-father, grandmother, grandfather, brothers, step-brothers, sisters, step-sisters, sons, sons-in-law, daughters, daughters-in-law, mother-in-law, father-in-law, step-children, grandchildren, and legal guardian.

D. Hours paid for funeral leave will be counted as hours worked for the purpose of computing vacation and holiday pay and will be counted as hours worked for the purpose of computing overtime.

E. If death or funeral in the family occurs while an employee is on their vacation, they may make application for funeral leave pay, up to a maximum of (3) three days' compensation, upon their return to work. They will be granted additional days of vacation, the time to have supervisory consent, at some later date. The number of additional vacation days allowed will be equivalent to the number of funeral leave days to which the employee would have been entitled to had he not been on vacation up to a maximum of (3) three days.

F. An employee who is on leave of absence will be entitled to funeral leave pay only when the death occurs during the first (7) seven days of such leave.

SECTION 27 - WELFARE PLAN

A. The Company shall make available to its employees a welfare plan, pursuant to the terms and conditions of Exhibit B attached hereto and made a part hereof.

B. Pursuant to the terms and conditions of Exhibit B-1, attached hereto and made a part hereof, the Company shall contribute to the cost each month for each employee carrying dependent group Hospital-Medical-Surgical coverage as provided in Exhibit B, Section IV.

SECTION 28 - RETIREMENT PLAN

A. All employees in the Average Final Compensation Plan will have the option to remain in the AFC plan.

B. Employees hired on or after June 1, 1984, will join the Flat Benefit Plan as they become eligible. Anyone hired after January 1, 2001, will automatically participate in pension plan.

C. Further discussion on the Average Final Compensation Plan is closed except by mutual agreement.

D. Pension/Retirement Plan - The Everett Retirement Plan's flat dollar benefit level will be adjusted as highlighted below: An employee who retires effective January 1, 2006 or thereafter will receive the maximum amount of benefit level, depending on which option is chosen, for all years of credited service from date of hire. The employee should notify the Company at least 3 months in advance of their retirement date to ensure proper payment.

E. Employees hired on or after September 1, 2000, will automatically participate in the Defined Contribution Plan (RCP). The RCP plan will be funded a proportionate amount to the pension increases as noted.

Defined Contribution Plan

For eligible compensation received on or after January 1, 2006, the contribution rate will be equivalent to the following:

| Employee's Age | Employer Contribution Rate |
|----------------|----------------------------|
| Under 25 | 2.95% |
| 25-29 | 3.15% |
| 30-34 | 3.35% |
| 35-39 | 3.55% |
| 40-44 | 3.75% |
| 45-49 | 4.35% |
| 50-54 | 5.00% |
| 55 & over | 5.40% |

The current flat benefit plan will be modified to provide:

| Amount Per Month Per Year of Service Past & Future | Effective Date |
|--|----------------|
| 42.65 | 1/1/2006 |
| 44.65 | 6/1/2006 |
| 46.65 | 6/1/2007 |
| 48.65 | 6/1/2008 |
| 49.65 | 6/1/2009 |
| 50.65 | 6/1/2010 |

- Effective January 1, 2006, employees who are age (60) sixty and have completed (30) thirty or more years of service will be eligible for a full, unreduced pension benefit.
- RETIREMENT BENEFIT - Normal Retirement

The formula in the Plan calculates a benefit at normal retirement... the later of age 65 or the date upon which you complete five years as a participant in this Plan. However, you may be eligible for an unreduced benefit before reaching normal retirement age. For a full, unreduced benefit you must be at least:

- * Age 65, if you complete five years as a participant in the Plan,
- * Age 62, if you complete 10 or more years of vesting service,
- * Age 60 or 61 if you complete 30 or more years of vesting service, or
- * Age 60 or 61, if you terminate employment with at least 10 years of vesting service and you would have completed 30 or more years of vesting service had you stayed with the Company

| Early Retirement | | | | | | | | | |
|---|------|-----|-----|-----|-----|-----|-----|-------|--------|
| Percentage of Regular Benefit Based on Age and Years of Vesting Service | | | | | | | | | |
| Vesting Service | 30+ | 29 | 28 | 27 | 26 | 25 | 24 | 23-10 | 5-9 |
| Age | | | | | | | | | |
| 65 | 100% | | | | | | | | |
| 64 | 100% | | | | | | | | 91.78% |
| 63 | 100% | | | | | | | | 84.42% |
| 62 | 100% | | | | | | | | 77.82% |
| 61 | 100% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 71.87% |
| 60 | 100% | 95% | 90% | 90% | 90% | 90% | 90% | 90% | 66.49% |
| 59 | 95% | 95% | 90% | 85% | 85% | 85% | 85% | 85% | 61.62% |
| 58 | 90% | 90% | 90% | 85% | 80% | 80% | 80% | 80% | 57.20% |
| 57 | 85% | 85% | 85% | 85% | 80% | 75% | 75% | 75% | 53.17% |
| 56 | 80% | 80% | 80% | 80% | 80% | 75% | 70% | 70% | 49.49% |
| 55 | 75% | 75% | 75% | 75% | 75% | 75% | 70% | 65% | 46.12% |

SECTION 29 - ADJUSTMENT OF GRIEVANCES

All disputes, complaints, or grievances of any employee or the Union may be presented through the grievance procedures of this Agreement. If not thereby settled, they may be processed to arbitration for a determination as to whether the terms of this agreement have been violated. If a question of arbitrability is raised, that question shall be determined first by the Arbitrator.

- A. This section shall not be applicable to grievances arising from discharge or suspension.
- B. Standing Committees shall be maintained in the following manner:
 - 1. The Mill Manager shall appoint a Company Standing Committee of (3) three individuals which shall represent the Company.
 - 2. Each Local Union shall elect a Union Standing Committee of (3) three employees which shall represent the Local Union for the purpose stated in this Agreement.
 - 3. The Company Standing Committee and the Union Standing Committee have the authority to make the final decision consistent with the terms of this Agreement on matters properly before them. Either party has the right to refer the question under consideration to higher authority.
 - 4. Accurate minutes of every Standing Committee meeting must be kept and signed by the chairperson of both the Company and Union Standing Committee. The minutes shall include statements of positions and conclusions, if any. A copy shall be supplied to the Local Union.
 - 5. Positions and conclusions reached in Step III shall be prepared and signed by the appropriate parties. A copy shall be supplied to the Local Union.
- C. Should there be any dispute, complaint, or grievance of any employee or the Union, herein collectively referred to as grievances, the employee shall work as directed by Management pending final adjustment of the grievance. Any such grievance shall be deemed to have been waived if not presented as a formal grievance by the employee to their supervisor within (30) thirty calendar days following either the occurrence out of which the grievance arose or the first date upon which the grievance could reasonably be assumed to have been known to the employee, whichever is later.

STEP I

Grievances shall first be reviewed by the employee with their supervisor. In the event the employee desires to submit the matter as a formal grievance, they shall present it in writing to the supervisor specifying the date of submission. The employee may have a Shop Steward accompany them when they discuss the matter with the supervisor. If the supervisor and the grievant are unable to arrive at a satisfactory settlement to be timely, the grievance must be referred to Step II within (10) ten calendar days after the date the grievance was first presented to the supervisor as a formal grievance.

- 1. In case of a grievance which could be presented by an employee to their supervisor at Step I (but who is unwilling to do so), the appropriate Shop Steward for the department where the grievance arises shall have the right to present that grievance in accordance with Step I as a formal grievance.

STEP II

Any such grievance shall be submitted in writing by the Union Standing Committee to the Company Standing Committee setting forth the circumstances out of which the grievances arose, and the remedy or correction requested. Subjects which have been present at Step I, but not mentioned in said written submission, shall nevertheless be dealt with.

- 1. Once per month, unless otherwise mutually agreed to, the two committees shall meet.
- 2. If the two committees are unable to arrive at a satisfactory settlement within (10) ten calendar days after their initial meeting, to be timely the Union Standing Committee must...

STEP III

Refer the grievance in writing within (15) fifteen calendar days of the expiration of the (10) ten calendar-day period in Step II-2 to the President of the Union, or their representative, and the Mill Manager of the Company, or their representative, neither of whom has previously judged the grievance in accordance with this Section.

- 1. Within (30) thirty calendar days of date of such written notice, these two shall meet.
- 2. In case of a grievance which could be presented by an employee to their supervisor at Step I (but who is unwilling to do so), the appropriate Shop Steward for the department where the grievance arises shall have the right to present that grievance in accordance with Step I as a formal grievance.

3. If these two are unable to arrive at a satisfactory settlement within (15) fifteen calendar days of their initial meeting, to be timely, the Local Union may...

STEP IV

Submit the grievance to the arbitrator as provided in Sections 31 and 32 of this Agreement within (30) thirty calendar days after the expiration of the (15) fifteen calendar-day period in Step III-2.

A. The parties in Step II and Step III may, by mutual agreement in writing, extend the time limit specified in Step-II-2 and/or in Step III-2 for a period not to exceed (30) thirty calendar days.

B. However:

1. In case of a grievance which affects a group of (5) five, or more, employees who have the right under this Agreement to present that grievance to their supervisor(s), an official or some other representative appointed by the Local Union shall have the right to take that grievance up directly in accordance with Step III.
2. In case of a grievance affecting the rights of the Union, as such, as distinguished from grievances involving an individual employee or group of employees, the Local Union shall have the right to take that grievance up directly in accordance with Step III.

SECTION 30 - APPEAL FROM DISCHARGE OR SUSPENSION

A. Any claim of unjust discharge or suspension during the life of this Agreement or any continuance thereof, to be timely must,

STEP I

be referred in writing to the Mill Manager, or their representative, through the Union Standing Committee no later than on the (14th) fourteenth calendar day after the day upon which the Union Standing Committee was notified of the discharge or suspension pursuant to the provisions of the Section 17-C.

1. The Union Standing Committee and the Mill Manager, or their representative shall meet within (15) fifteen calendar days after the date of the referral.
2. If, upon investigation, no settlement is made within (15) fifteen calendar days after their initial meeting, to be timely the Local Union must...

STEP II

within (30) thirty calendar days after the expiration of the (15) fifteen calendar-day period in Step I-2, submit the case to arbitration as provided in Sections 31 and 32 of this Agreement.

B. The parties in Step I, by mutual agreement in writing, may extend the time limit specified in Step I-2 for a period not to exceed (30) thirty calendar days.

SECTION 31 - GENERAL PROVISIONS REGARDING ARBITRATION

A. In the event the parties are unable to reach a settlement of a grievance or an appeal from discharge or suspension, the dispute may be moved to arbitration, in accordance with the provisions of this Section and Section 32, only if and after the timely utilization and completion of all prior Steps in Section 29 or Section 30, whichever is applicable, have failed to produce an agreement between the parties. The prior Steps and time limits for initiations are set forth in Section 29 and Section 30. Failure of the charging party to act within the applicable time limit, specified for any Step in Section 29 or Section 30, whichever is applicable, shall constitute waiver of the charging party's right to further consideration of the case.

B. At the time the Union submits any grievance to arbitration, it shall so notify the Company which shall then become responsible for all arrangements, (e. g., place, time, reporter, and determination if the arbitrator selected by the parties is available).

C. Each party to any case submitted to arbitration:

1. Shall bear the expenses of preparing and presenting its own case, including witnesses; and,
2. Shall pay one-half of the charges of the American Arbitration Association and of the arbitrator incurred in the arbitration of the case.

D. It is agreed that each party to a case submitted to arbitration will do everything in its power to permit early selection of, and decision by the arbitrator.

SECTION 32 – ARBITRATION

A. Arbitration referred to in the preceding sections of this Agreement shall be in accordance with the provisions set forth below.

B. Arbitration shall be conducted by a single arbitrator. The arbitrator's decision shall be final and binding upon both parties, provided, however;

1. The arbitrator shall not have the authority to modify, add to, alter, or detract from the provisions of this Agreement.
2. In suspension or discharge cases submitted to arbitration, and as to which the arbitrator shall find the suspension or discharge to be unjustified, the amount of payment for lost time shall be determined by the arbitrator, but shall not exceed payment for lost time at the employee's rate of pay of the job he was on at time of suspension or discharge.
3. The Management rights, as provided in Section 2, are not subject to the grievance and/or arbitration procedures of this Agreement.
4. The arbitration proceedings shall be conducted in accordance with the Federal Mediation and Conciliation Service guidelines, except as modified by the provisions of this Agreement. In the event of any conflict between the said rules and this Agreement, this Agreement shall prevail.

C. Arbitration shall be conducted by a single arbitrator who will be selected by rotating single grievances taken to arbitration through the following permanent panel of arbitrators:

(Note: A panel of (7) seven arbitrators will be mutually selected by the parties within (30) thirty days upon ratification of the Labor Agreement.)

If the arbitrator next in order is not available to hear the arbitration within (30) thirty days, from the date the Union notifies the Company in writing that it is carrying the grievance to arbitration, the rotation will be continued through the panel in an effort to hold the arbitration within the above-mentioned time period. If none of the arbitrators on the panel are available to hear the arbitration within the specified time period, the arbitrator will be selected in accordance with the provisions of paragraph D of this section.

To be eligible for a position on this panel, the arbitrators must be willing to hear cases under the Federal Mediation and Conciliation Service guidelines, as modified by the provisions of this Agreement. All arbitration cases under this Agreement shall be heard by an arbitrator selected from such panel, unless the parties to a particular arbitration case by mutual agreement select an arbitrator who is not on the panel.

D. The parties shall select an arbitrator from a list supplied by the Federal Mediation and Conciliation Service (FMCS) in accordance with Paragraph C of this Section by such means as they may, by mutual agreement, choose within (30) thirty calendar days after the date the Union notified the Company that it is carrying a dispute to arbitration. In the event an arbitrator on the list is not available within the required time frame listed in this section, the arbitrator shall be chosen in the following manner:

1. The parties shall meet jointly within the (30) thirty calendar-day period.
2. By a coin toss, the winning party shall start by striking one name from the panel list.
3. The other party will then strike one name, both parties continuing to strike one name alternately, until only one name is left, who shall be the arbitrator.

E. The following procedural rules shall apply in all arbitrations held under the terms of this contract:

1. The arbitrator selected must begin hearing the case within (30) thirty calendar days following their selection.
2. The arbitrator must render their decision within (30) thirty calendar days following their receipt of the transcript of the arbitration hearing, or the date set for filing of Post Hearing Briefs, if such are requested by the arbitrator. Such (30) thirty calendar days may be extended not more than an additional (30) thirty calendar days by mutual agreement between the parties.
3. The Company shall arrange for the reporting of all arbitration hearings. The arbitrator, the Union, and the Company shall each be furnished with a transcript thereof. The expense of reporting shall be shared equally between the parties, except that, either party desiring an extra copy shall bear the cost of such extra copy.
4. Neither party may be required to arbitrate more than one grievance as a part of a single case.
5. Either party shall have the right to subpoena witnesses and require them to be sworn before testifying.

SECTION 33 - MATTERS COVERED

Provisions contained in this agreement may be modified, altered or added to, by consensus agreement of the Labor Management Participation Committee (LMPC), as provided in Exhibit D. Resolutions reached by the LMPC will become a part of this Labor Agreement, where applicable, and supersede any previous agreements in conflict with those changes.

The failure of the Union to enforce any of the provisions of this Agreement or exercise any rights granted by law, or the failure of the Company to exercise any right reserved to it or its exercise of any such right in a particular way, shall not be deemed a waiver of such right or a waiver of its authority to exercise any such right in some other way not in conflict with the terms of this Agreement.

SECTION 34 - PROVISIONS FOUND TO BE IN CONTRAVENTION OF LAWS

If any provisions of this Agreement is in contravention of the laws or regulations of the United States or of the State of Washington, such provisions shall be superseded by the appropriate provisions of such law or regulations, so long as same is in force and effect, but all other provision of this Agreement shall continue in full force and effect. If the parties are unable to agree as to whether or not any provisions hereof is in contravention of any such laws or regulation, the provisions hereof involved shall remain in effect until the disputed matter is settled by the court or other authority having jurisdiction in the matter.

SECTION 35 - LEAVES OF ABSENCE FOR UNION BUSINESS

A. Upon written request of the Union giving (2) two weeks' advance notice, the Company will grant employees elected or assigned to a full-time Union office a leave(s) of absence without pay for (1) one term of office, not to exceed (4) four years. Such leave of absence will be renewable for (7) seven additional terms of office, not to exceed (28) twenty-eight years.

1. Written confirmation of such leave(s) shall be provided to the employee, the Local Union, and the Union.
2. Seniority shall not be broken, but shall not accumulate during such leave(s).
3. An employee must return to work or report their availability for work, if no work is available, at the end of their leave or within (2) two weeks following completion of the assignment for which the leave was granted, whichever is earlier.

B. Upon written request of the Union or Local Union giving (1) one-week advance notice, the Company will grant an employee(s) elected or assigned to attend a Union conference or convention or to serve as a part-time employee of the Union, leave(s) of absence without pay; each leave not to exceed (60) sixty days. Wherever practical, the Company will accommodate written requests which are received with less than (1) one-week advance notice. The granting of such leave(s) of absence shall be limited to a reasonable number consistent with operating efficiency.

1. Time spent on such leave(s) of absence shall be counted as hours worked, limited to (8) eight hours per day or (12) twelve hours per day Compressed Work Week and (40) forty hours per week, for the purpose of qualifying for vacation and holiday pay.
2. Any employee(s) who is on such a leave(s) will have their health and welfare coverage, as outlined under Exhibit B, paid for by the Company up to a maximum of (60) sixty days.

C. While on such leave(s) of absence, an employee(s) shall have the rights and be subject to the conditions set forth in Paragraph C. 2. e., of Section 20.

SECTION 36 - DISCRIMINATION PROHIBITED

Neither the Company nor the Union will discriminate against any employee in any way because of race, color, religion, national origin, sex, marital status, age, disabled veteran, or veteran of the Vietnam era status, or the presence of any sensory, mental, or physical handicap.

SECTION 37 - PLANT CLOSURE

A. In the event the Company decides to cease all operations and permanently close the Everett Plant, it will promptly notify the Union of this decision and enter into good faith bargaining, relating to the impact of such plant closure on the employees involved.

B. In the event the Labor Agreement is terminated due to plant closure, the terms and conditions of this Section 37 will remain in effect until the Company has met all of its obligations listed in this section.

C. If the Everett Plant experiences a full or partial closure, affecting (40) forty or more employees, the following benefits would accrue to all employees with (2) two or more years of continuous service with the Company and whose jobs are permanently

eliminated as a direct result of such closure. To be eligible for these benefits, each employee must continue to work as scheduled until permanently released from work by the Company.

1. Severance Pay - Eligible employees will receive severance pay at the rate of (40) forty hours pay at the average straight-time rate of their last permanent job for each year of service with the Company.
2. Welfare Plan - Continuation in the Welfare Plan will be permitted for each eligible employee, at Company expense, for a period of time equal to the severance pay entitlement in C. 1. , with a minimum length of (1) one month to a maximum of (26) twenty-six weeks. Dependent coverage will be continued for the same period of time, in accordance with the terms of Section 27, Paragraph B. At the option of the employee, they may elect to continue this benefit under COBRA.
3. Vacations - Eligibility for vacation will be determined as provided for in Section 24, Paragraph L, of this Labor Agreement.

D. In the event the Company decides to cease all operations and permanently close the Everett Plant, the Company guarantees the payment of benefits being paid and vested under the terms of the Kimberly-Clark Employees Retirement Plan.

SECTION 38 - TERMS AGREEMENT AND CHANGES IN AGREEMENT

This Agreement shall be in effect from the date of its execution up to, and including, May 31, 2005, and shall be automatically renewed thereafter from year to year, unless notice to terminate is given by either party as hereinafter provided.

A. All notices given under the provisions of this section on behalf of the Union shall be given by its President or Vice President to the Vice President and/or Mill Manager, Kimberly-Clark, Everett, Washington; similarly, notices on behalf of the Company shall be given by the Vice President and/or Mill Manager to the President of the Union, or to such other officer of the Union as the Union may in writing direct.

B. This Agreement may be modified as follows: Either party desiring modification through the Collective Bargaining process shall mail to the other party notice in writing by registered mail (60) sixty days prior to June 1, 2005, or prior to any subsequent June 1, on which this contract is in effect, that a modification is desired; and, if no such (60) sixty-day notice is given prior to any June 1, the earliest time at which such notice may later be so mailed is (60) sixty days prior to June 1 of the next year.

C. If notice of desire for modification through the Collective Bargaining process has been given, the parties shall, as soon as agreeable to the parties following such notice, meet for collective bargaining.

D. In case negotiations conducted in accordance with C. break down, either party may terminate this Agreement upon the expiration of (10) ten days' written notice mailed by registered mail, to the other party, at any time after the June 1, with reference to which the notice of modification has been mailed as provided in B.

E. This Agreement and all of its terms and conditions, to include changes or additions as provided in Exhibit D and D-2, shall be binding until May 31, 2011, upon any individual(s), Company(s), or corporation(s) that acquires by purchase, merger, and any form of reorganization, the mill covered by this Agreement and continues to operate the mill or any portion thereof substantially in the same manner as the mill or portions thereof was operated by the predecessor owner.

SECTION 39 - STOCK, SAVINGS AND INVESTMENT PLAN

Effective January 1, 1995, a new Hourly Investment Plan, the 401K, will be available for all Bargaining Unit Employees. The plan is described in the Kimberly-Clark Investment Plan booklet, and copies of which are available through the Kimberly-Clark Benefits Center.

Contributions:

- Basic Contributions - The first 1%, 2%, 3%, 4% or 5% of your Compensation contributed to the Plan are called Basic Contribution. They are determined on the basis of your Before-Tax Contribution Rate or, if your Before-Tax Contribution Rate is less than 5%, the sum of your Before-Tax Contribution Rate (if any) and your After-Tax Contribution Rate, not to exceed 5%. The Company contributes an additional percentage of your Basic Contributions which are called Matching Company Contributions.
- The Company will contribute an amount equal to 75% of the first 2% of your Basic Contributions and 50% of next 3% of your Basic Contributions. The amount of your Supplementary Contribution does not affect the amount of the Matching Company Contributions.

- Supplementary Contribution - If you are making Basic Contributions at the maximum rate of 5% you can make additional Supplementary Deferred and Non-Deferred Contributions of up to 10% so that your total contributions can be 6%, 7%, 8%, 9%, 10%, 11%, 12%, 13%, 14%, 15%.
- Stock Investment Plan will be terminated on December 31, 1994, and employee owned shares will be rolled over into the 401K.

EXHIBIT A

SECTION I - WAGE RATES

*Term of Agreement to be (6) six years from June 1, 2005, through May 31, 2011. Wages as follows:

| Effective Date | Increase |
|----------------|-------------------------|
| 12/22/2005 | \$1850 Lump Sum Payment |
| 6/1/2006 | 2.75% GWI |
| 6/1/2007 | 2.75% GWI |
| 6/1/2008 | 2.00% GWI |
| 6/1/2009 | 2.75% GWI |
| 6/1/2010 | 2.75% GWI |

**Except New Hires*

Authorization Criteria

A. Effective December 22, 2005, the hiring rate will be increased from (\$12.00) twelve dollars to (\$15.00) fifteen dollars and will be frozen for the contract term (except mechanics). All new hires (excluding Vacation Relief Employees) for the term of this agreement, will receive the hiring rate for the first (6) six months of their employment, except where they have bid to a permanent opening, or certified at Level 1, or have been assigned to a permanent opening, in which case they will receive the rate of the job they have been assigned to or posted.

B. Effective December 22, 2005, all Vacation Relief employees will receive a (\$13.00) thirteen dollar per hour wage rate for work performed during the period, March 15 through September 30 of each year, for the contract term. In the event that Vacation Relief employees are retained after September 30 to fill permanent job vacancies, they will receive the hiring rate in effect at the time, retroactive back to the date of hire.

C. In the event the Company permanently eliminates an established job classification, or if an employee is permanently demoted as a result of changes made in accordance with Exhibit A, Section I, Paragraph H, affected employees with (5) five or more years' service in the plant shall retain their PER rate unless they refuse to accept a promotion or bid to an available job opening, in which case rates of pay at the time shall revert to the rate of the new job.

1. Any retained rate will be eliminated by applying one half of any future general wage increase to the retained rate.
2. Employees affected by production schedule changes or fluctuation in workload will not be covered by the provision of this Paragraph C.
3. If an entire operation is shutdown indefinitely and no employees are assigned to any of the affected job classifications for a continuous period of (6) six months, the provisions of this Paragraph C will be applied retroactively to the employees who had been permanently assigned to the affected job classifications. If it is known at the time of the shutdown that it is intended to be permanent, the provisions of this Paragraph C will be applied immediately.

D. Rate Retention:

1. When an employee is bumped out of their department, due to no fault of their own, they will carry their rate to the department they are assigned, if it is skill base pay system.
2. The employee will have (90) ninety days to certify at Level 1 in the new department or they will drop (1) one level in their new pay system. If, after another (90) ninety days they still have not certified at Level 1, they would drop to Level 1 pay. If they certify at Level 1, they would have (6) six months to certify at Level 2 or lose (1) one level of pay. If they certify at Level 2, they would have (9) nine months to certify at Level 3, following guidelines for time between levels.

3. If they were progressing through their levels, there would be no loss in pay.
4. If training were not available, there would be no reduction in pay.
5. These timelines may be paused and restarted, on a case-by-case basis, by the Standing Committee in cases of an extended employee absence.

E. When a change is made in the plant which rates new job classifications or substantially changes the duties of existing classification, the appropriate Company Standing committee will promptly inform and discuss, with the appropriate Local Union Standing committee, the rates of pay to be established for the new or changed classifications and the job duties involved. After the changes have been in effect for a trial period of (90) ninety days, the wage rates may be brought up again for discussion between the Company and the Union. Any special adjustment in such rates, which may result from such discussion, will be made retroactive to the first day of operation of the new or changed job classification. If no agreement is reached as a result of such discussion, the rates established by the Company will remain in effect until the next Labor Agreement negotiation. If the rate in dispute receives an adjustment as a result of negotiations, this adjustment will be retroactive to the date of starting the job and such cost would not be charged to the package.

F. Logistics:

In order to maintain its competitiveness with other facilities, the Everett Distribution Center and Materials Handling teams need to migrate to a wage structure that is equivalent to Third Party Logistics operations. The market value of labor for requisite materials handling skills is substantially below that in our current cost structure. The gap is currently \$2.88 per stack, which equates to a \$4.0MM annualized wage/benefit disadvantage to the site. As other sites continue to outsource to third-party operations or convert to two-tier labor structures, the non-competitive gap will continue to increase. The objective is to maintain jobs and achieve 3PL cost-per-stack labor rates by resetting number of employees per level and implementing a second-tier labor structure for Distribution and Materials Handling. Listed below are the rates that will reduce this wage/benefit gap from \$4.0MM to \$2.9MM and on a cost-per-stack from \$2.88 to \$2.09. This gap is based on current 3PL rates.

| POSITION | CURRENT | | LABOR RATES REQUIRED | |
|--------------------|---------|----------|----------------------|--------------------|
| Distribution | Wage | # People | Wage | Max # Of Positions |
| Level 6 | N/A | 0 | N/A | 0 |
| Level 5 | \$24.75 | 19 | \$20.50 | 8 |
| Level 4 | \$22.88 | 24 | \$18.38 | 12 |
| Level 3 | \$21.56 | 1 | \$18.07 | NA |
| Level 2 | \$20.22 | 4 | \$17.30 | NA |
| Level 1 | \$18.91 | 3 | \$15.00 | NA |
| | | 51 | | 51* |
| Materials Handling | | | | |
| Trucker/Clerk | \$24.75 | 8 | \$20.50 | 8 |
| Trucker | \$22.88 | 20 | \$18.07 | NA |
| | | 28 | | 28* |

*Based on current headcount

During the contract, GWI will apply for Years 1 through 3 for Logistics employees of record at the time of ratification. The following incentive table will apply to all new employees entering after ratification, and all existing employees remaining in the department after Year 3. In this table, annual increases will be paid out equivalent to mill increase in the form of annual lump sums. Logistics employees will automatically receive one half of the mill increase but will have the option to receive a (100%) one hundred percent or (150%) one hundred and fifty percent, if the following productivity targets are achieved. For any applicable increase prior to June 1, 2006, Logistics employees at the time of ratification will receive the same GWI or lump sum received by all other hourly employees.

Cubes Handled per labor hour:

| Payout | 5/04-4/05 | 5/05-4/06 | 5/06-4/07 | 5/07-4/08 | 5/08-4/09 | 5/09-4/10 |
|--------|-----------|-----------|-----------|-----------|-----------|-----------|
| 100% | | 1,062 | 1,094 | 1,127 | 1,160 | 1,195 |
| 150% | | 1,083 | 1,137 | 1,194 | 1,253 | 1,316 |

Time period for productivity measurement will be May through April to enable June payouts.

Productivity will be measured based on WMS productivity for the Distribution Center. Targets will only be adjusted if there is a significant process changes that impacts cubes per stack (example PROJECT DETROIT).

Implementation Plan:

- All new Logistics employees (new employees or transfer employees) would start at the new rate structure and may progress to gated levels.
- Employees choosing to remain in Logistics will keep their current level and may progress based on the new gated levels.
- Employees choosing to bid out of Logistics will have their rate red-circled for (3) three years from the date they leave Logistics, providing them time to qualify for the gated positions in their new department. After (3) three years, the employee's rate will be set to the level they have qualified.
- Employees choosing to remain in Logistics will have their rate red-circled for (3) three contract years. Effective 6/1/2008, all rates will convert to conform to the chart below.
- Existing employees will have a one-time exemption from the additional requirements of the new job bidding procedure, as outlined in Ground Rule 28, until May 31, 2008.
- Transfer employees will follow normal transfer procedures.

| Position | Year 1* | Year 2* | Year 3* | Year 4 | Year 5 | Year 6 |
|--------------------|---------|---------|---------|---------|---------|---------|
| Level 5 | \$24.75 | \$24.75 | \$24.75 | \$22.63 | \$21.56 | \$20.50 |
| Level 4 | \$22.88 | \$22.88 | \$22.88 | \$20.63 | \$19.51 | \$18.38 |
| Level 3 | \$21.56 | \$21.56 | \$21.56 | \$19.82 | \$18.94 | \$18.07 |
| Level 2 | \$20.22 | \$20.22 | \$20.22 | \$18.76 | \$18.03 | \$17.30 |
| Level 1 | \$18.91 | \$18.91 | \$18.91 | \$16.96 | \$15.98 | \$15.00 |
| * Adjusted for GWI | | | | | | |
| Trucker/Clerk | \$24.75 | \$24.75 | \$24.75 | \$22.63 | \$21.56 | \$20.50 |
| Trucker | \$22.88 | \$22.88 | \$22.88 | \$19.82 | \$18.94 | \$18.07 |

| AREA | 2003 Rate | Pay scale | 2004 Rate | 12/22/05 | 6/1/2006 | 6/1/2007 | 6/1/2008 | 6/1/2009 | 6/1/2010 |
|-------------|-----------|-----------|---------------------|----------|----------|----------|----------|----------|----------|
| (Any) | 13.000 | 9NH00 | New Hire | 13.000 | 15.000 | 15.000 | 15.000 | 15.000 | 15.000 |
| | 10.000 | 9SH00 | Summer Hire | 10.000 | 13.000 | 13.000 | 13.000 | 13.000 | 13.000 |
| Pulp TC | 22.565 | 90197 | Lab Technician | 23.129 | 23.129 | 23.765 | 24.419 | 24.907 | 25.592 |
| Pulp TC | 22.565 | 90198 | Lab Technician | 23.129 | 23.129 | 23.765 | 24.419 | 24.907 | 25.592 |
| Quality Lab | 20.515 | 90214 | Quality Tester | 21.028 | 21.028 | 21.606 | 22.200 | 22.644 | 23.267 |
| Stores | 20.205 | 90281 | Stores - Utility | 20.710 | 20.710 | 21.280 | 21.865 | 22.302 | 22.915 |
| | 20.440 | 90283 | Stores - Jr Clerk | 20.951 | 20.951 | 21.527 | 22.119 | 22.562 | 23.182 |
| | 20.725 | 90285 | Stores - Sr Clerk | 21.243 | 21.243 | 21.827 | 22.427 | 22.876 | 23.505 |
| | 22.575 | 90286 | Stores - Rec. Clerk | 23.139 | 23.139 | 23.775 | 24.429 | 24.918 | 25.603 |
| Converting | 17.625 | 9CV00 | Entry Level | 18.070 | 18.070 | 18.567 | 19.078 | 19.459 | 19.994 |
| | 18.450 | 9CV10 | Level 1 | 18.911 | 18.911 | 19.431 | 19.965 | 20.365 | 20.925 |
| | 20.030 | 9CV20 | Level 2 | 20.531 | 20.531 | 21.096 | 21.676 | 22.109 | 22.717 |
| | 21.200 | 9CV30 | Level 3 | 21.725 | 21.725 | 22.322 | 22.936 | 23.395 | 24.038 |
| | 22.715 | 9CV40 | Level 4 | 23.283 | 23.283 | 23.923 | 24.581 | 25.073 | 25.762 |
| | 24.800 | 9CV50 | Level 5 | 25.420 | 25.420 | 26.119 | 26.837 | 27.374 | 28.127 |
| | 18.075 | 90191 | Cleaner | 18.527 | 18.527 | 19.036 | 19.560 | 19.951 | 20.500 |

| | | | | | | | | | | |
|---|-----------------|-------|---------------|--------|--------|-----------|-----------|------------|-----------|-------------|
| Incumbents Distribution | 18.450 | 9DA10 | Level 1 | 18.911 | 18.911 | 19.431 | 19.965 | 16.96+LSP* | 15.98+LSP | 15.00+LSP |
| | 19.730 | 9DA20 | Level 2 | 20.223 | 20.223 | 20.779 | 21.351 | 18.76+LSP | 18.03+LSP | 17.30+LSP |
| | 21.035 | 9DA30 | Level 3 | 21.561 | 21.561 | 22.154 | 22.763 | 19.82+LSP | 18.94+LSP | 18.07+LSP |
| | 22.320 | 9DA40 | Level 4 | 22.878 | 22.878 | 23.507 | 24.154 | 20.63+LSP | 19.51+LSP | 18.38+LSP |
| | 24.150 | 9DA50 | Level 5 | 24.754 | 24.754 | 25.435 | 26.134 | 20.63+LSP | 21.56+LSP | 20.50+LSP |
| New Employee Distribution | | 9LO10 | Level 1 | n/a | 15.000 | 15.00+LSP | 15.00+LSP | 15.00+LSP | 15.00+LSP | 15.00+LSP** |
| | | 9LO20 | Level 2 | n/a | 17.300 | 17.30+LSP | 17.30+LSP | 17.30+LSP | 17.30+LSP | 17.30+LSP |
| | | 9LO30 | Level 3 | n/a | 18.070 | 18.07+LSP | 18.07+LSP | 18.07+LSP | 18.07+LSP | 18.07+LSP |
| | | 9LO40 | Level 4 | n/a | 18.380 | 18.38+LSP | 18.38+LSP | 18.38+LSP | 18.38+LSP | 18.38+LSP |
| | | 9LO50 | Level 5 | n/a | 20.500 | 20.50+LSP | 20.50+LSP | 20.50+LSP | 20.50+LSP | 20.50+LSP |
| Incumbents Materials Handling | 24.150 | 9MH01 | Trucker/Clerk | 24.754 | 24.754 | 25.435 | 26.134 | 22.63+LSP | 21.56+LSP | 20.50+LSP |
| | 22.320 | 9MH02 | Trucker | 22.878 | 22.878 | 23.507 | 24.154 | 19.82+LSP | 18.94+LSP | 18.07+LSP |
| New Employees Materials Handling | Lump Sum Raises | 9MHT1 | Trucker/Clerk | n/a | 20.500 | 20.50+LSP | 20.50+LSP | 20.50+LSP | 20.50+LSP | 20.50+LSP |
| | Lump Sum Raises | 9MHT2 | Trucker | n/a | 18.070 | 18.07+LSP | 18.07+LSP | 18.07+LSP | 18.07+LSP | 18.07+LSP |

*LSP = Lump Sum Payment based on productivity

**In Year 2010 the pay scales for the two groups of employees in Distribution and Material Handling will be equal, so they are combined.

| | | | | | | | | | | |
|-----------------------|--------|--------|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| Mechanics | 23.093 | 9MTHEM | Intermediate Apprentice A | 23.093 | 23.093 | 23.728 | 24.381 | 24.868 | 25.552 | 26.255 |
| | 22.610 | 9MHIA | Intermediate Apprentice | 22.610 | 22.610 | 23.232 | 23.871 | 24.348 | 25.018 | 25.706 |
| | 22.130 | 9MHJA | Jr Mechanic A | 22.130 | 22.130 | 22.739 | 23.364 | 23.831 | 24.487 | 25.160 |
| | 21.648 | 9MHJM | Jr. Mechanic | 21.648 | 21.648 | 22.243 | 22.855 | 23.312 | 23.953 | 24.612 |
| | 26.100 | 9MHJO | Journeyman | 26.753 | 27.506 | 28.262 | 29.040 | 29.620 | 30.435 | 31.272 |
| | | 9MHJS | Shifter | 28.500 | 28.500 | 29.284 | 30.089 | 30.691 | 31.535 | 32.402 |
| | | 9MHJC | Planner/Coordinator | 29.050 | 29.050 | 29.849 | 30.670 | 31.283 | 32.143 | 33.027 |
| | | 9PS00 | POLARIS ASM Sch | 26.855 | 26.855 | 27.594 | 28.352 | 28.919 | 29.715 | 30.532 |
| | | | Helper | | 19.100 | 19.625 | 20.165 | 20.568 | 21.134 | 21.715 |
| Dry Room | 17.625 | 9PD00 | Entry Level | 18.066 | 18.136 | 18.635 | 19.147 | 19.530 | 20.067 | 20.619 |
| | 18.450 | 9PD10 | Level 1 | 18.911 | 18.981 | 19.503 | 20.039 | 20.440 | 21.002 | 21.580 |
| | 18.765 | 9PD20 | Level 2 | 19.234 | 19.654 | 20.194 | 20.750 | 21.165 | 21.747 | 22.345 |
| | 20.970 | 9PD30 | Level 3 | 21.494 | 22.064 | 22.671 | 23.294 | 23.760 | 24.413 | 25.085 |
| | 22.630 | 9PD40 | Level 4 | 23.196 | 23.766 | 24.420 | 25.091 | 25.593 | 26.297 | 27.020 |
| | 24.285 | 9PD50 | Level 5 | 24.892 | 25.462 | 26.162 | 26.882 | 27.419 | 28.173 | 28.948 |
| | 23.561 | 90802 | Pulp Shipping Planner | 24.145 | 24.715 | 25.395 | 26.093 | 26.615 | 27.347 | 28.099 |
| Chips | 17.625 | 9PH00 | Entry Level | 18.066 | 18.066 | 18.563 | 19.073 | 19.455 | 19.990 | 20.539 |
| | 18.450 | 9PH10 | Level 1 | 18.911 | 18.911 | 19.431 | 19.965 | 20.365 | 20.925 | 21.500 |
| | 18.765 | 9PH20 | Level 2 | 19.234 | 19.234 | 19.763 | 20.306 | 20.713 | 21.282 | 21.867 |
| | 20.970 | 9PH30 | Level 3 | 21.494 | 21.494 | 22.085 | 22.692 | 23.146 | 23.783 | 24.437 |
| | 21.520 | 9PH40 | Level 4 | 22.058 | 22.058 | 22.665 | 23.288 | 23.754 | 24.407 | 25.078 |
| | 23.180 | 9PH50 | Level 5 | 23.760 | 23.760 | 24.413 | 25.085 | 25.586 | 26.290 | 27.013 |
| Pulp reduction | 17.625 | 9PN00 | Entry Level | 18.066 | 18.066 | 18.563 | 19.073 | 19.455 | 19.990 | 20.539 |
| | 18.450 | 9PN10 | Level 1 | 18.911 | 18.911 | 19.431 | 19.965 | 20.365 | 20.925 | 21.500 |
| | 19.870 | 9PN20 | Level 2 | 20.367 | 20.367 | 20.927 | 21.503 | 21.933 | 22.536 | 23.156 |
| | 23.730 | 9PN30 | Level 3 | 24.323 | 24.323 | 24.992 | 25.679 | 26.193 | 26.913 | 27.653 |
| | 24.835 | 9PN40 | Level 4 | 25.456 | 25.456 | 26.156 | 26.875 | 27.413 | 28.167 | 28.941 |
| | 26.490 | 9PN50 | Level 5 | 27.152 | 27.152 | 27.899 | 28.666 | 29.239 | 30.043 | 30.869 |
| Pulp Utilities | 17.625 | 9PU00 | Entry Level | 18.066 | 18.066 | 18.563 | 19.073 | 19.455 | 19.990 | 20.539 |

| | | | | | | | | | | |
|------------------------------|--------|-------|---------------------|--------|--------|--------|--------|--------|--------|--------|
| | 18.450 | 9PU10 | Level 1 | 18.911 | 19.161 | 19.688 | 20.229 | 20.634 | 21.201 | 21.784 |
| | 19.870 | 9PU20 | Level 2 | 20.367 | 20.617 | 21.184 | 21.767 | 22.202 | 22.812 | 23.440 |
| | 23.730 | 9PU30 | Level 3 | 24.323 | 24.573 | 25.249 | 25.943 | 26.462 | 27.190 | 27.937 |
| | 24.835 | 9PU40 | Level 4 | 25.456 | 25.856 | 26.567 | 27.298 | 27.844 | 28.609 | 29.396 |
| | 25.935 | 9PU50 | Level 5 | 26.583 | 26.983 | 27.725 | 28.487 | 29.057 | 29.856 | 30.677 |
| | 27.595 | 9PU60 | Level 6 | 28.285 | 28.685 | 29.474 | 30.284 | 30.890 | 31.740 | 32.612 |
| | | 9PU70 | Util. Training Spec | | 28.285 | 29.063 | 29.862 | 30.459 | 31.297 | 32.158 |
| | | | | | | | | | | |
| Waste Water Treatment | 17.625 | 9SE00 | Entry Level | 18.066 | 18.066 | 18.563 | 19.073 | 19.455 | 19.990 | 20.539 |
| | 18.450 | 9SE10 | Level 1 | 18.911 | 18.911 | 19.431 | 19.965 | 20.365 | 20.925 | 21.500 |
| | 20.975 | 9SE20 | Level 2 | 21.499 | 21.499 | 22.090 | 22.698 | 23.152 | 23.788 | 24.443 |
| | 23.510 | 9SE30 | Level 3 | 24.098 | 24.598 | 25.274 | 25.969 | 26.489 | 27.217 | 27.966 |
| | 24.360 | 9SE40 | Level 4 | 24.969 | 25.569 | 26.272 | 26.995 | 27.535 | 28.292 | 29.070 |
| | | | | | | | | | | |
| Papermill | 17.625 | 9TM00 | Entry Level | 18.066 | 18.136 | 18.635 | 19.147 | 19.530 | 20.067 | 20.619 |
| | 18.450 | 9TM10 | Level 1 | 18.911 | 18.981 | 19.503 | 20.039 | 20.440 | 21.002 | 21.580 |
| | 19.870 | 9TM20 | Level 2 | 20.367 | 20.437 | 20.999 | 21.576 | 22.008 | 22.613 | 23.235 |
| | 22.520 | 9TM30 | Level 3 | 23.083 | 23.153 | 23.790 | 24.444 | 24.933 | 25.618 | 26.323 |
| | 25.275 | 9TM40 | Level 4 | 25.907 | 25.977 | 26.691 | 27.425 | 27.974 | 28.743 | 29.534 |
| | 28.700 | 9TM50 | Level 5 | 29.418 | 29.488 | 30.299 | 31.132 | 31.755 | 32.628 | 33.525 |
| | | | | | | | | | | |
| Pulp Prep | 17.625 | 9TP00 | Entry Level | 18.066 | 18.136 | 18.635 | 19.147 | 19.530 | 20.067 | 20.619 |
| | 18.450 | 9TP10 | Level 1 | 18.911 | 18.981 | 19.510 | 20.047 | 20.448 | 21.010 | 21.588 |
| | 19.870 | 9TP20 | Level 2 | 20.367 | 20.437 | 20.999 | 21.576 | 22.008 | 22.613 | 23.235 |
| | 22.520 | 9TP30 | Level 3 | 23.083 | 23.153 | 23.790 | 24.444 | 24.933 | 25.618 | 26.323 |
| | 25.275 | 9TP40 | Level 4 | 25.907 | 25.977 | 26.691 | 27.425 | 27.974 | 28.743 | 29.534 |
| | 28.700 | 9TP50 | Level 5 | 29.418 | 29.488 | 30.299 | 31.132 | 31.755 | 32.628 | 33.525 |
| | | | | | | | | | | |
| Yard Crew | 17.625 | 9YD00 | Entry Level | 17.625 | 18.066 | 18.563 | 19.073 | 19.454 | 19.989 | 20.539 |
| | 18.450 | 9YD10 | Level 1 | 18.911 | 18.911 | 19.431 | 19.965 | 20.365 | 20.925 | 21.500 |
| | 20.205 | 9YD20 | Level 2 | 20.710 | 20.710 | 21.280 | 21.865 | 22.302 | 22.915 | 23.545 |
| | 23.045 | 9YD30 | Level 3 | 23.621 | 23.621 | 24.271 | 24.938 | 25.437 | 26.136 | 26.855 |

SECTION II - CLASSIFICATION AND WAGE RATES FOR MECHANICS

This section sets forth the wage rates and certain special provisions applicable to Mechanics.

A. There shall be (3) three classes of Mechanics with rates as follows:

| Mechanics | Rate |
|--------------------------------------|--------|
| Multi-Craft Lead/Planner Coordinator | 29.050 |
| Shift Mechanic | 28.500 |
| Journeyman Mechanic | 27.506 |

*Apprentice rates remain unchanged from signed Standing Committee agreement.

B. Any employee whose work is primarily in any one, or more than one, of the below listed trades is subjected to the provisions of this Section II:

- Machinists
- Millwrights
- Electricians
- Pipefitters
- Finishing Mechanics
- Masons
- Welders
- Roll Grinders
- Boiler Repairmen
- Instrument Repairmen
- Auto Mechanics

Seniority within a job classification will prevail for shift, areas, or job preference within a trade when an opening occurs, provided the individual is qualified for the job involved at that time. The Maintenance Multiskill Agreement as reached by the parties February 5, 1990, is made apart hereof this Labor Agreement, as amended.

C. The job of a Mechanic or Maintenance Person requires the qualifications described below for a Journeyman Mechanic and carries the responsibility of performing the function of a Lead Man over Journeymen and other Mechanics; or the shift or specific area responsibility for maintaining equipment of high value and/or high productions capacity; or the primary responsibility for an essential type of specialized work.

A Journeyman Mechanic or Maintenance Person is one who is a finished Mechanic and has the necessary tools required by their trade. In general, they are an individual who could qualify as a Journeyman Workman in their trade in any industrial or job shop. They must be able to execute the necessary work without direct supervision from their foreman. For instance, a Journeyman Pipefitter must be able to take a working drawing or blueprint of a layout; go out on the job; take the necessary measurement, requisition, cut, and install the pipe without more than the general, normal supervision or direction of a foreman.

Any Journeyman rates for Multi-Craft Lead Man/Planner Coordinator and Shifters currently established in a department will be maintained if the Journeyman receiving the rate leaves or is absent from the department and the Company decides to fill the vacancies.

APPRENTICESHIP PROGRAM

D. The parties agree that the succession of Mechanics and development of skills is a critical issue to the long-term viability of the facility and that the opportunity for Maintenance apprenticeship programs is a valued benefit. The purpose of maintenance is to protect Kimberly-Clark employees and equipment. The main objective of maintenance is providing services at the lowest cost and highest efficiency possible to result in achievement of the competitive benchmark commitments. (15 tons per \$1,000 of maintenance, 2250 t/p/y)

E. The Company will select the Junior Mechanics on its crews through a procedure which will include:

1. Written test(s), with a bench mark passing grade
2. An interview and work record review
3. A review of educational background and experiences relevant to the trade applied for, with each of the above representing one-third of the possible total score. From among those applicants whose total score is within 10 percent of the highest score, the senior applicant will be selected.

Each person selected for a mechanical crew shall indicate their desire to learn a specific trade, as that trade is constituted in the mill, and become a Journeyman. They shall indicate their willingness in writing on a form provided by the Company to take correspondence courses and/or other schooling providing mathematical knowledge, blueprint reading, and other related subjects that they may need in order to pass the required examination. The employee will be reimbursed in full for tuition and required books and fees upon presenting evidence of satisfactory completion of a course and a receipt of payment.

F. During the first (90) ninety days after an applicant has been assigned as a Junior Mechanic, they will be classified as a probationary on that crew, and they can be removed from the crew at any time during that period. Prior to removal from the crew of any such probationary Mechanic because of their performance, the Company will notify the Union Standing Committee of the intended action and the justification thereof. If the Union Standing Committee considers the proposed removal unjustified, it may process the matter through the grievance procedure. If such an applicant is transferred to the mechanical crew from another department in the plant, they will retain their seniority in the department from which they transferred for a period of (90) ninety days and will be returned to the job from which they transferred if removed from the crew. During the probationary period, the Company will determine, as quickly as is practical, whether or not the applicant has the aptitude and other characteristics necessary to become a Journeyman.

G. When an individual is selected from the Junior Mechanics classification, they will spend a period of (1) one year elapsed time, or 1,800 worked hours, whichever is longer, in that classification, following which time they will be eligible and obligated to take a test for Junior Mechanic "A". Upon satisfactory passing of that test, they will immediately be advanced to Junior Mechanic "A". Upon completion of (1) one year elapsed time or 1,800 worked hours, whichever is longer, as Junior Mechanic "A", they will be eligible and obligated to take a test for Intermediate Mechanic. Upon satisfactory passing of that test, they will immediately be advanced to Intermediate Mechanic. Upon completion of (1) one year elapsed time or 1,800 worked hours, whichever is longer, as Intermediate Mechanic, they will be eligible and obligated to take a test for Intermediate Mechanic "A". Upon satisfactory passing of that test, they will immediately be advanced to Intermediate Mechanic "A". Upon completion of (1)

one year elapsed time, or 1,800 worked hours, whichever is longer, as Intermediate Mechanic "A", they will be eligible and obligated to take a test for Journeyman. Upon satisfactory passing of that test, which will be designed to determine if they meets the qualifications of a Journeyman set forth in Paragraph C above, they will immediately be advanced to Journeyman. It is understood that, in addition to the final test and examination, at the end of each (1) one-year period to determine fitness for promotion, interim progress tests may also be given during each (1) one-year period in those skills or parts of a trade in which the Mechanic has had an opportunity to work and acquire knowledge. Results of such interim progress tests will not be used to retard or advance a Mechanic's promotion from one classification to another. It is also understood and agreed that a person who fails to pass the test after the period of (1) one year or 1,800 worked hours, which ever is longer, in either the Junior or Junior "A" or Intermediate or Intermediate "A" classification, will be given an additional period of time, not in excess of (1) one year, during which a second test will be given, and if they fail to pass the second test, they shall be removed from the crew.

H. Outside mechanics may be employed in any of the established classifications in accordance with their qualifications. An Outside Mechanic is anyone outside the trade or the mill.

I. The progress and qualifications of each Mechanic below the grade of Journeyman will be periodically reviewed at intervals of not more than (6) six months. Records of the results of these reviews will be maintained and will, at their request, be discussed with each person at (6) six-month intervals. Whenever such a review of such a mechanic has been completed, the Company shall notify them in writing, with a copy to the Local Union, calling their attention to the completion of such review and their right to request a discussion of it. If the employee so desires, they may have their Union Representative present at the time their progress report is discussed with them.

J. The Company will adopt an organized plan, as far as practical, of rotating each person below Journeyman through different departments and under different Journeymen, in order that they may gain the widest variety of experience in the work of their chosen trade.

K. It is recognized that a handicapped person may be unable to progress as above set forth. In any such case, the Mill Manager or their designee, after consultation with the Standing Committee, may deviate from the above-describe progression, but unless the consent of the Standing Committee has been obtained, the Manager's action shall be subject to the grievance procedure.

L. The Company and the Local Union Mechanics Committee will jointly establish and review tests and lists of skills for the various trades.

M. Maintenance Department Curtailment Policy:

1. Temporary Reductions - Whenever a temporary reduction in a trade is expected to extend for longer than (7) seven days, the junior employee(s) in the area affected will be reassigned by trade seniority in accordance with the following procedures:
 - a. Affected Area and Shift Mechanics will bump back to the respective maintenance pools, and the junior pool employees will go to the layoff pool. After (7) seven days, junior employees in the trade will go to the layoff pool, and any vacant area and shift jobs will be filled by assignment of employees from the pool.
 - b. All other Mechanics will move in accordance with procedures outlined below for permanent reductions. Should training be required to allow for these moves, the employee previously assigned to the job will perform this training.
2. Permanent Reductions - In the event of permanent reductions of employees within a trade, employees will move to the lay off pool on the basis of straight trade seniority.
3. Recall - Recall from layoff pool status to a trade will be accomplished by following trade seniority with the most senior person being the first to return. The Company will not add Mechanics to the trade as long as displaced mechanics are working in layoff pool status.

N. Any mechanic on a posted job not in the pool can, on a (2) two-year basis, request a re-posting of their job. If no one posts for the job, they will retain the job. If the posting is answered, the person may return to the pool.

O. For every outside Journeyman hired in any trade, (1) one junior mechanic position in a trade will be posted and filled from within the plant, within a (12) twelve-month period from the date the Journeyman was hired. If it becomes necessary to depart from this procedure because of either a substantial reduction of a specific trade or trades, or a substantial addition to plant operations, the Company will discuss with the Union the circumstances that require the departure.

P. In the case of crew reduction in a particular trade within an area only (not a layoff situation), the person in the area/job with the least trade seniority will be removed first.

1. It is agreed by the parties that the three trades: Carpenters, Painters and Riggers will not be eliminated from the agreement until such time as those employees currently in those trades serving an apprenticeship under another

classification attain status. It is further agreed that the role of Facilities General Mechanic – Painter will remain unchanged per the Memorandum of Agreement dated June 21, 2002.

2. It is further understood that with the acceptance of this proposal and the elimination of the J+ system, there is no longer a maintenance job rate request system.
3. Mechanics that currently have protected rates above the rates established per this agreement for their current positions will be red-circled at those rates.
4. The current, identified (8) eight lead jobs are as follows:
 - a) Site Construction Crew Lead
 - b) Pulp Mill Planner Coordinator – Mechanical
 - c) Utilities Planner Coordinator – Mechanical
 - d) Pulp/Utilities Planner Coordinator – Electrical
 - e) Pulp/Utilities Planner Coordinator – Instrument
 - f) Finishing Maintenance Shop Planner Coordinator – Mechanical
 - g) Machine Shop Lead/Planner Coordinator
 - h) Roll Service Lead – General Mechanic – Millwright

SECTION III - NO INCENTIVE PREMIUMS OR BONUSES

There will be no payment of quantity or quality incentive premiums or bonuses in the pulp and paper manufacturing departments.

SECTION IV - OVERTIME

A. Refer to Compressed Work Week Section 40, Paragraph 13.

B. Subject to the conditions set forth in Paragraph E of this Section, any employee paid on an hourly basis will, in addition to their straight-time pay, receive overtime at one-half the straight-time hourly rate of the job for:

1. All work performed during the first (8) eight hours on Sunday.
2. All work performed in excess of (8) eight straight-time hours in any one day.
3. All work performed in excess of (40) forty straight-time hours in any one week.
4. All work performed in excess of (8) eight continuous hours worked when such period of work extends across the end of a work day into the succeeding day provided that such continuous period of work begins (4) four or more hours before the start of the succeeding day.
5. All work performed on an assigned day off, as such days are defined in Section 11, provided however that this Sub-paragraph 5 shall not apply if the work so performed results because an assigned day off has been traded for another day off at the request and for the convenience of the employee, or employees, involved.

C. Subject to the conditions set forth in Paragraph E of this Section, any employee paid on an hourly basis will, in addition to their straight-time pay receive overtime for work performed on any of the holidays listed in Section 7 as follows:

1. One-half the straight-time hourly rate of the job for all work performed on a non-restricted holiday.
2. One-half the straight-time hourly rate of the job for the first (8) eight hours of work performed on a formerly restricted holiday.
3. The straight-time hourly rate of the job for all work performed in excess of (8) eight hours on a formerly restricted holiday.
4. The straight-time hourly rate of the job for all work performed in excess of (8) eight hours on a non- restricted holiday.

D. Subject to the conditions set forth in Paragraph E of this Section, any employee paid on a hourly basis will, in addition to their straight-time pay, receive overtime for work performed on Sunday as follows:

1. The straight-time hourly rate of the job for all work performed in excess of (8) eight hours.

E. In applying the provisions of Paragraph B of this Section, the following conditions shall be in effect:

1. No hour worked qualifies as an overtime hour on more than one of the above (5) five bases, except that work on a holiday may also qualify under B-3. Time worked on a holiday will be credited toward the (40) forty-hour qualification.

2. An employee who worked a shift, which is regularly scheduled for less than (8) eight hours, shall be credited for (8) eight hours for each full shift so worked. If failure of an employee to work a full shift is due to a holiday specified in Section 7, they shall nevertheless receive the (8) eight hours credit for said holiday.
3. All hours paid for in accordance with Section 25 (Jury Duty) and Section 26 (Funeral Leave) will be counted as hours worked for the purpose of computing overtime.
4. When an employee works at more than one job during the week, payment of overtime at the mill shall be computed according to the method in use by the Company in May 1950, until otherwise agreed upon between the Company and the Local Union.

F. An employee who is next in order to be requested or be scheduled for an overtime opportunity, according to the department overtime procedures, that is by-passed for that opportunity due to an unintentional error, will be offered a make-up opportunity. Employees may arrange with the Company to make up the lost work opportunity on a date convenient to the employee(s), within a (30) thirty-day calendar period following determination of the error. This provision eliminates pay for time not worked as a remedy for a lost work opportunity and would be subject to the following:

1. The contact information used to administer the overtime is correct. It is the employee's responsibility to provide this information.
2. Should the employee be absent from work during the (30) thirty-day remedy period, the remedy period will be extended by the number of days the employee was absent.
3. If the employee fails to make him or herself available during the remedy period, the error and remedy will be nullified.
4. The make-up opportunity may not be claimed by any employee(s) other than the employee(s) effected as a result of the error.
5. If the Company fails to allow the employee(s) to make up the overtime missed within the (30) thirty-day remedy period, the employee(s) will be paid for such hours missed.
6. Make-up opportunities shall not perform work in a bid job or otherwise disadvantage any other employee through the assignment of the work.
7. Make-up opportunities will be limited to 40 hours per person, per occurrence. Any hours above 40 hours for one occurrence will be paid in a lump sum.

SECTION V - NIGHT-SHIFT DIFFERENTIAL

- A. Refer to the Compressed Work Week Section 40, Paragraph 18.
- B. A night shift differential of (\$.50) fifty cents per hour shall be paid, in addition to the hourly job rate on any shift, wherein one-half or more of the scheduled shift hours fall after 6 p.m. and before 12 midnight.
- C. A night-shift differential of (\$.80) eighty cents per hour shall be paid, in addition to the hourly job rate on any shift, wherein one-half or more of the scheduled shift hours fall between 12 midnight and 6 a.m.
- D. Such night-shift differential shall not be deemed a part of the hourly job rate when applying the provisions of this Agreement, except in the payment of overtime as provided for in Exhibit A-Section IV.

EXHIBIT B - WELFARE PLAN

SECTION I - DEFINITIONS

For the purpose of this Exhibit B, the following definitions shall apply:

- A. EMPLOYEE has the same meaning as set forth in Section 10 of the Agreement and accordingly excludes, among others, retired former employees and dependents of employees.
- B. SCHEDULE I means the package of benefits and coverage included in the Welfare Plan.
- C. HOSPITAL means an institution which keeps patients regularly overnight; which has full diagnostic, surgical and therapeutic facilities under the supervision of a staff of physicians, and which regularly provides (24) twenty-four hour nursing services by registered graduate nurses. Institutions such as clinics, nursing homes and places for rest for the aged, for drug addicts or for alcoholics do not qualify as hospitals.

D. **PHYSICIAN** means a doctor or surgeons who is duly and legally licensed (as a Doctor of Medicine or as a Doctor of Osteopathy) to prescribe and administer all drugs or to perform all surgery.

SECTION II - GENERAL OBLIGATION

Subject to all the provisions of Exhibit B, the Company will provide for each eligible employee the coverage and benefits set forth herein.

SECTION III - ELIGIBILITY

Each employee will be covered under the Welfare Plan starting the first day of the month (except Dental coverage) following their date of employment, providing the employee is then actively at work. If the employee is not actively at work on that date, their coverage will be placed into effect on the first day the employee returns to work following that date. No coverage will be made available prior to the above effective date. Vacation Relief Employees are not eligible for coverage under provisions of Exhibit B.

SECTION IV - PREMIUM COSTS

The Company will pay full premium costs of the Group Term Life Insurance, Accidental Death and Dismemberment Insurance, and non-occupational Sickness and Accident Insurance. Cost sharing of Hospital-Medical-Surgical coverage is described in Schedule I, Part A, Section IV; and Dental premium caps is described in Schedule 1, Part A Section V. The cost of Chiropractic service is outlined in Schedule 1, Part A, Section VI.

SECTION V - LOCAL WELFARE COMMITTEES

A local Union Welfare Committee, consisting of not less than (2) two and not more than (3) three members from each Local Union, shall be appointed to consult a Management Welfare Committee of like number with respect to questions which may arise concerning the operations of this Welfare Plan. The Union and the Management Welfare Committee shall keep each other informed, in writing, of the names of their then-current respective members.

SECTION VI - CONTINUATION OF COVERAGES

A. All coverages set forth in Schedule I will be canceled as of the end of the day an employee is terminated from the payroll of the Company.

B. When the employee-employer relationship has not been terminated, but the employee is not actively at work because of a disability, layoff or leave of absence, all coverages set forth in Schedule I will be subject to the following conditions:

1. **Occupational Disability:** If such employee is absent from work as a result of an accident or occupational disease as recognized by the Worker's Compensation Board, suffered during the course of their employment with the Company, the employee's non-occupational Sickness and Accident Coverage will be cancelled as of the end of the last day of the month in which their disability began, however, the Company will pay the difference between the Worker's Compensation weekly benefit and the Sickness and Accident weekly benefit for up to (26) twenty-six weeks. Their Group Term Life, Accidental Death and Dismemberment, and Hospital-Medical-Surgical coverages will be continued and paid for by the Company during the period they are disabled from work up to a maximum of (27) twenty-seven months, following the month in which the disability began, providing the employee pays the monthly cost share (medical and dental). Failure to pay in full within (30) thirty days of the due date or (30) thirty days from notification, whichever is later, will result in cancellation of benefits (medical and dental) for the balance of the current year. If cancelled, employees must re-enroll during the next open enrollment period. If the employee continues to be disabled from work beyond (27) twenty-seven months, and the employee-employer relationship is not terminated, their coverages will be cancelled, unless the employee elects to continue such coverages with the premiums paid for by the employee. If the above-provided cancellation occurs, the non-occupational Sickness and Accident coverage of the employee involved shall be effective between the time their occupational disability ends and the time such coverage is automatically re-instated when they return to work.

2. **Non-Occupational Disability:** If such employee is absent from work as a result of a non-occupational accident or sickness, all of the employee's coverages will be continued and paid for by the Company during the period they are disabled from work up to the maximum of (6) six months A&S; (21) twenty-one months LTD, providing the employee pays the monthly cost share (medical and dental). Failure to pay in full within (30) thirty days of the due date or (30) thirty days from notification, whichever is later, will result in cancellation of benefits (medical and dental) for the balance of the current year. If cancelled, employees must re-enroll during the next open enrollment period. If the employee continues to be disabled from work beyond (27) twenty-seven months, the provisions of the long term disability program will apply providing the employee-employer relationship is not terminated. Their Sickness and Accident coverage will be cancelled. Their Group

Term Life, Accidental Death and Dismemberment, and Hospital-Medical-Surgical coverages will be continued only if the employee elects to continue such coverages with the premiums paid for by the employee and provided the employee-employer relationship is not terminated.

3. **Layoff Or Personal Leave Of Absence (Excluding Military Service):** If such employee is absent from work as a result of a layoff due to disciplinary action or lack of work or because of a personal leave of absence requested by the employee and approved by the Company, all of the employee's coverages will be continued and paid for by the Company for a period of (1) one month following the month in which the layoff or personal leave of absence began. If the layoff or personal leave of absence continues beyond that one month, the employee's Sickness and Accident coverage will be cancelled; their Group Term Life, Accidental Death and Dismemberment and Hospital-Medical-Surgical coverages will be continued up to a maximum period of (5) five additional months only if the employee elects to continue such coverages with the premiums paid for by the employee and provided the employee-employer relationship is not terminated. Failure to pay in full within (30) thirty days of the due date or (30) thirty days from notification, whichever is later, will result in cancellation of benefits (medical and dental) for the balance of the current year. If cancelled, employees must re-enroll during the next open enrollment period.

4. **Military Service:** If such employee is absent from work as a result of participating in a Reserve Training Program of the Armed Forces of the United States, or as a result of serving in the Armed Forces of the United States, all of the employee's coverages will be continued and paid for by the Company for a period of (1) one month following the month in which the absence began. If the absence continues beyond (1) one month following the month in which it began all coverages will be cancelled. For the purpose hereof, the Armed Forces of the United States include the National Guard of the State in which the employee resides.

C. Whenever reference is made in this Section VI to coverages which are to be continued and the cost thereof which is to be paid by the Company, it is understood and agreed the coverages and cost sharing referred to are those outlined in Part A of Schedule I as modified by Part B of Schedule I.

D. This Section VI shall not be construed to restrict continuation of a particular benefit beyond the time when the related coverage is canceled or terminated, if, and only to the extent that, continuation is specifically granted in the relevant contract with a carrier.

SECTION VII- STATISTICAL DATA

Not later than February 1 of each year, the Company will provide and furnish to the Local Union Welfare Committee data regarding the cost of the Welfare Plan during the (12) twelve-month period ending the previous October 31.

SECTION VIII- SELECTION OF CARRIER

The Company will have the sole responsibility for the selection of the carrier, or carriers, of the coverages provided for in Schedule I.

SECTION IX- GENERAL PROVISIONS

A. The Company's obligation and the coverages it provides shall be subject to all the limitations and interpretations found in the contracts with the selected carrier or carriers which are not in conflict with the provisions of this Exhibit B.

B. Any dispute arising out of the operation, administration or interpretation of any coverage contract, which is not in conflict with the terms of this Exhibit B, shall not be subject to the adjustment procedures of the Agreement. Any such dispute shall be adjudicated under the terms of such coverage contract.

C. Permission may be granted by the Company under special circumstances to permit an employee to waive receipt of any coverage or benefits under this Welfare Plan, but in such event, the employee shall not receive any monetary equivalent. The application by an employee for such permission and the reply thereto by the Company shall be in writing.

D. Nothing in this Exhibit B shall affect the Company's policies, practices and procedures, including among others, but not limited to, termination of employment, layoffs, leaves of absence, and retirement.

E. When applying the terms of this Exhibit B relating to the termination or cancellation of an employee's coverage, or relating to the employee's right to make election as to the continuation to a coverage at their own expense, the Company shall give the employee timely notice in writing.

SECTION X- CONTRAVENTION OF LAWS

If any provision of this Exhibit B is in contravention of the laws or regulations of the United States or of the State of Washington, such provisions shall be superseded by the appropriate provisions of such law or regulation so long as the same is in force and effect; but all other provisions of this Exhibit B shall continue in full force and effect.

EXHIBIT B -SCHEDULE I Attached-To and A-Part-Of Exhibit B

PART A - REGULAR SCHEDULE OF COVERAGE AND BENEFITS

The Welfare Plan will include the following coverage and benefits subject to the conditions set forth in Part B of this Schedule I. Each eligible employee will be provided life insurance coverage and accidental death and dismemberment coverage, as described in Section I and Section II, equal to the average annual earnings, excluding miscellaneous compensation, of all bargaining unit employees at the Everett Plant in the previous tax year. This amount will be reduced to the nearest thousand and is subject to annual adjustment (up or down) with any changes in coverage amount effective June 1 of each year.

Employees not actively at work on June 1 will retain their previous level of coverage until they return to active status. The cost of this coverage will be paid for by the Company.

SECTION I - GROUP TERM LIFE INSURANCE

Group Term Life Insurance will be payable as a result of death from any cause or at any time or place while the employee is insured on a (24) twenty-four hour coverage basis. Payment will be made in a lump sum to the employee's beneficiary. By complying with the provisions of the insurance policy, the employee may change their beneficiary whenever they so desires. Policy will provide an option for the employee who becomes permanently and totally disabled to receive (70%) seventy percent of the life insurance amount in a lump sum. The remaining (30%) thirty percent will continue in force on a wavier-of-premium basis.

EXHIBIT - WELFARE PLAN

Schedule 1, Section 1 Group Term Life Insurance

Employees found to be totally and permanently disabled under the provisions of the Life Insurance Plan, after a (6) six-month waiting period, will have (70%) seventy percent of their Life Insurance paid out in a lump sum. If the employee is still receiving a LTD benefit the lump sum would offset any LTD payments. The balance of their company-provided life insurance will be continued by the Company until age (65) sixty-five, when it will be cancelled.

Employees determined by Aetna to have a life expectancy of less than (12) twelve months can request an advance of up to (70%) seventy percent of their life insurance paid out in a lump sum. These individuals may apply without a waiting period once a final life expectancy determination is approved. Any payment will reduce the amount of their life insurance that may be payable upon death.

The employee's life insurance will remain in force as long as they remain so disabled, provided proofs of disability are furnished as required. The first proof must be filed with the insurance Company within (3) three months after total disability has lasted (6) six months. Subsequent proofs of disability must be furnished as required by the insurance Company.

When an employee's Group Term Life coverage is terminated for any cause, their life insurance will cease except that if the employee's death should occur within (31) thirty-one days thereafter, the death benefit will be payable. By making application and paying the first premium to the insurance Company within (31) thirty-one days following termination of their Group Term Life coverage, the employee may convert their Group Term Life Insurance to any individual life insurance policy then customarily issued by the insurance company except Term Insurance. This individual policy will be issued without medical examination at the insurance Company's regular rates.

The definition for total and permanent disability retirement shall become the same as in effect for Kimberly-Clark salaried employees.

Totally and Permanently Disabled: A condition arising out of injury or disease which the Committee determines is permanent and prevents an Employee from engaging in any occupation with their Employer commensurate with their education, training, and experience, excluding:

- (i) Any condition incurred in military service (other than temporary absence on military leave) if the employee's service is not resumed at the end of their military service,
- (ii) Any condition incurred as a result of or incidental to a felonious act perpetrated by the Employee, and
- (iii) Any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.

This definition shall be in effect for as long as it is used for Kimberly-Clark U.S. salaried employees. If and when a different definition for total and permanent disability retirement is developed, or a different approach to disability retirement is adopted for Kimberly-Clark U.S. salaried employees, it is understood and agreed that this definition or approach will be applied to the Everett bargaining unit members as well. If such a change occurs, it shall be effective for Everett bargaining unit members at the same time as such change is effective for Kimberly-Clark U.S. salaried employees without requiring further negotiation with the union.

SECTION II - ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

Accidental Death and Dismemberment Insurance benefits will be payable on a (24) twenty-four hour coverage basis, but only if the death or dismemberment results directly from bodily injuries sustained solely through accidental means and occurs within (180) one hundred eighty days after the date of the accident causing the loss. The full amount will be payable for the loss of life; both hands; both feet; one hand and one foot; one hand and sight of one eye; one foot and sight of one eye; or sight of both eyes. One half of the full amount will be payable for the loss of one hand, or one foot; or sight of one eye. In no case will more than the full amount be paid for all losses resulting from any one accident. Since this coverage is for losses due to accidents, no benefits are payable on account of a loss caused or contributed to by bodily or mental infirmity, ptomaine's, disease, medical or surgical treatment not made necessary by injury covered under the policy, war, suicide, use of alcohol, intoxicants, or drugs, except as prescribed by a physician, intended or accidental contact with nuclear or atomic energy by explosion and/or release, or air or space travel. Benefits will be payable for a loss which is caused by a bacterial infection that develops from laceration which was the result of an accidental injury covered by this policy.

SECTION III - SICKNESS AND ACCIDENTAL INSURANCE (NON-OCCUPATIONAL)

Non-occupational Sickness and Accident Insurance weekly benefit will be as follows:

| Effective | Amount |
|------------------|---------------|
| 12/22/2005 | \$490.00 |
| 6/1/2006 | \$500.00 |
| 6/1/2007 | \$510.00 |
| 6/1/2008 | \$520.00 |
| 6/1/2009 | \$530.00 |
| 6/1/2010 | \$540.00 |

Non-occupational Sickness and Accident Insurance will be payable beginning with the (1st) first day of disability caused by non-occupational accident, or beginning with the first day of disability caused by non-occupational sickness of more than (13) thirteen days' duration, or beginning with the (4th) fourth day of disability caused by non-occupational sickness of (13) thirteen days or less, duration. The (3) three-day waiting period for Accident & Sickness benefits will be waived if the employee is hospitalized. Benefits will be payable for a maximum of (26) twenty-six weeks during any one period of disability. Benefits, as stated above, also apply to maternity benefits for pregnancy, or resulting childbirth or miscarriage.

Benefits will be payable for as many separate and distinct periods of disability as may occur. Periods of disability due to the same cause will be considered the same period of disability unless they are separated by return to full-time work for at least (2) two weeks. Periods of disability due to different causes will be considered different periods of disability if they are separated by return to work. No benefits are payable for any period of disability unless the employee is under the care of a physician. No benefits are payable unless the disability commenced while the employee's insurance was in force. Benefits payable for fractions of a week will be computed at (1/7) one-seventh of the weekly amount for each day.

LONG TERM DISABILITY (LTD)

For all disabilities that begin on or after June 1, 1994, employees are eligible for the Long Term Disability (LTD) plan. After exhausting the A&S benefit, employees approved by the insurance company will be eligible for a maximum benefit equal to their A&S weekly benefit converted to a monthly amount. Details of the LTD plan are available in Human Resources. Effective December 22, 2005, and for the duration of this Labor Agreement, the maximum benefit under the Long-Term Disability Plan will be equal to \$470 per week converted to a monthly amount.

SECTION IV - HOSPITAL-MEDICAL-SURGICAL COVERAGE (NON-OCCUPATIONAL)

A. Hospital, Medical, and Surgical coverage will be provided for eligible employees under the terms and conditions and schedule of benefits of either:

1. The existing contract between Regence (Snohomish County Physicians Corporation) and the Company, or
2. The contract between the Health Maintenance Organization (HealthPlus) and the Company.

B. Any employee may elect to enroll in or remain a member of the group health plan. The monthly premium cost of benefits provided under such plan will be paid by the Company to the extent that such cost does not exceed the monthly premium cost of the health care plan provided by Regence (Snohomish County Physicians Corp). Any difference in premium will be paid by the employee through monthly payroll deduction.

C. Each employee shall have a choice at the beginning of each insurance policy year to elect that their insurance coverage be provided under either one or the other of the above contracts.

D. Effective January 1, 1995, until December 31, 2006, Section IV, Paragraphs A and B are voided and employees will be provided (3) three Medical Plan options:

1. Comprehension Major Medical (CMM) - Regence (Snohomish County Physicians)
2. Health Maintenance Organization (HMO) - HealthPlus
3. Preferred Provider Organization (PPO) - Regence (Snohomish County Physicians Corp.) Effective January 1, 1998, all employees will pay (10%) ten percent of the composite rate of the coverage they have selected, except in no case will the Company pay more than (90%) ninety percent of the CMM composite rate.
4. A fourth option, effective January 1, 1995, until December 31, 2006, the Company will freeze its contribution for Regence's Base Plan composite at \$373.00 for the term of the collective agreement. Employees opting for this coverage will pay any share of the premium over this amount. There is no chiropractic coverage under this option.

MEDICAL

Effective January 1, 2007, all employees will be eligible for coverage under one of Kimberly-Clark's national medical plans, with the exception of the National EPO plan. The current local HMO hourly plan will be offered in place thereof. The Union will have an option to move irrevocably to the National EPO Plan and drop the local HMO Plan during the term of the Agreement, in conjunction with the annual open enrollment period. Premiums will be based on three-tier levels:

- Single
- Two-Party
- Two-Party Plus

Kimberly-Clark will contribute a set dollar amount for employee medical coverage.

- Health Care and Dependent Care Spending Accounts will be offered up to the maximum allowed, currently \$4,800.

These plans are subject to change to be consistent with Kimberly-Clark's medical strategy, and are not subject to collective bargaining during the term of the agreement. If the plan design is modified, the Union will be given an option to either continue with the modified Kimberly-Clark plan, or maintain their current plan design and accept the full associated cost of staying on their own.

SECTION V - DENTAL COVERAGE

Dental coverage will be provided for eligible employees under the terms and conditions and schedule of benefits of the existing contract between Washington Dental Service (Delta) and the company. Employee shall become eligible for Dental Plan coverage on the first day of the month after their date of hire. Effective January 1, 1999, the Company will pay no more than (\$90) ninety dollars towards the composite rate for dental coverage. Employees will pay any balance of the caps.

Effective 1/1/2007, eligible employees will also have access to coverage under Kimberly-Clark's national dental plan. The Kimberly-Clark national dental plan design is subject to change to be consistent with Kimberly-Clark's strategy and is not subject to collective bargaining.

PRE-TAX CONTRIBUTION

The parties agree that all bargaining unit employees may pay their Medical and Dental contributions on a pre-tax basis effective January 1, 1995.

EXHIBIT B-1

This Exhibit B-1 sets forth the terms and conditions under which the Company shall make the monthly contribution required by Section 27-B of this Agreement.

TERMS AND CONDITIONS

- A. Each employee must cover their dependents, if any; under the same Hospital-Medical-Surgical contract as the employee elects for themselves as such election is set forth in Exhibit B - Schedule I, Part A, Section IV.
- B. The Company's contribution on behalf of employee's dependents shall commence with the month in which coverage becomes effective, but in no case earlier than the month in which that employee's coverage under Exhibit B becomes effective.
- C. Upon termination of employment, the employee's dependents Hospital-Medical-Surgical coverage shall be cancelled in accordance with the provisions of the coverage contract. The Company's contribution shall cease with its payment for the month in which termination of employment occurs.
- D. If the employee-employer relationship has not been terminated, but the employee is not actively at work because of a disability, layoff, or leave of absence the Company shall make its contribution while the coverage remains in force, but in no event beyond the applicable period of time during which the Company pays the premium for the employee's Hospital-Medical-Surgical coverage as described in Paragraph VI-B of Exhibit B.
- E. The Company's contributions on behalf of the employee shall be applied to premium due because of enrollment of the covered employee's spouse, or dependent children, as this term is defined in the coverage contract. The coordination of benefits' language currently contained in the contract between Regence (Snohomish County Physicians Corporation) and Kimberly-Clark will be applicable.
- F. When an employee dies while actively employed by the Company and that employee, at the time of death, is eligible for early retirement, group Hospital-Medical-Surgical coverages will continue for the spouse and dependent children who continues to be eligible under the respective plan definitions until either the spouse remarries, is covered by another group insurance program, or is eligible for Medicare, whichever occurs first.

For those active employees not retirement eligible, per the above, the following applies:

1. For the spouse, for the earlier of six months or until the spouse reaches age 65.
2. For eligible dependent children, for the earlier of six months or until they are no longer eligible for coverage.

Effective January 1, 2007, when an employee dies while actively employed by the Company, Medical coverage may continue for the spouse or domestic partner, and dependent children who continue to be eligible under the respective plan definitions until either the spouse, dependent, domestic partner y, or become ineligible.

Dependents will be required to pay a percentage of the premium during the 1st twelve months and the full premium thereafter if they remain eligible.

RETIRED EMPLOYEES

Note: In order to qualify for this, the employee must retire on or before January 1, 2007.

Health coverage will be provided to employees who retire under the early, normal or disability provisions of the Retirement Plan prior to age (65) sixty-five and to their eligible dependents. (Employees who terminate prior to retirement with rights to a vested retirement allowance are not eligible.) Coverage will continue in effect for the retiree and spouse until each of them reach the age (65) sixty-five, and for dependent children as long as they remain eligible, as specified in the respective health plan. Coverage for dependents in the event of the retiree's death will be continued at Company expense as provided below:

1. For the spouse, for the earlier of six months or until the spouse reaches age (65) sixty-five
2. For eligible dependent children, for the earlier of six months or until they are no longer eligible for coverage

Employees who retire on or after the dates indicated below will be required to share in the premium cost of the medical coverage they select, based on their age at retirement, as shown below:

| Age at retirement | On or after 1/1/1996 | On or after 1/1/1998 |
|---|-------------------------|-------------------------|
| 55 (or younger, in the case of disability retirement) | 5% | 10% |
| 56 | 5% | 9% |
| 57 | 5% | 8% |
| 58 | 5% | 7% |
| 59 | 5% | 6% |
| 60 | 5% | 5% |
| 61 | 4% | 4% |
| 62 and over | 3% | 3% |

The percentage that the retiree is required to contribute will remain the same throughout their retirement and will be based on the premium charged to active employees at that time for the respective plan and coverage category. This amount will be deducted from the retiree's pension check and will be subject to adjustment annually. Prior to the commencement of retirement, an employee will be given an opportunity to change health care plans, making the selection from among the medical plans available to active employees at that time. Subsequent medical plan selections will follow the Annual Enrollment process.

In order to be eligible for medical coverage the employee and/or their dependents during normal or early retirement, an employee must be at least (40) forty years of age. Those who retire under the disability retirement provisions of the Retirement Plan will be eligible for continued employee and dependent medical coverage, under the conditions outlined above, even if they are less than (40) forty years of age.

G. In the event of an employee's death, eligibility for Hospital-Medical-Surgical coverage for the surviving spouse and dependent children will be extended for a period of (3) three months following the month in which the death occurred.

H. **Medicare:** The Medicare Reimbursement amount and language in the Agreements should be changed to:

For eligible employees, and/or their spouses, who enroll in Part B of Medicare at age 65, the Company agrees to continue to reimburse the retiree on a quarterly basis for the full cost of Medicare Part B up to a maximum of (\$50.00) fifty dollars per month for each eligible person. Reimbursement will end for the retiree and, if applicable, the retiree's spouse at the retiree's death. The Company may require suitable evidence of enrollment in Part B of Medicare as a condition of its reimbursement.

I. Retiree Medical If Retired After January 1, 2007:

Employees who are at least 55 years of age at retirement and who have at least 15 years of vesting service are eligible for medical insurance in retirement for themselves and their eligible dependents.

For individuals who retire under a disability benefit of the Kimberly-Clark Corporation Pension Plan, the age 55 requirement is waived. Medical insurance will be provided to employees and to their eligible dependents if the employee has at least 15 years of vesting service and retires under the early, normal or disability provisions of the Retirement Plan. Employees who terminate prior to being age 55 and having 15 years retirement with rights to a vested retirement allowance are not eligible.

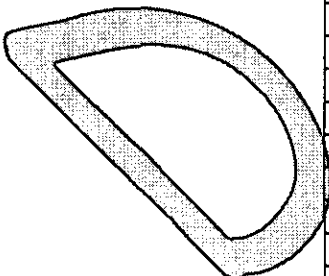
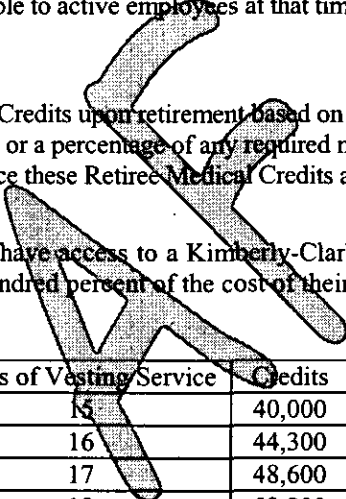
Retirees under age 65 will have access to the same plan designs as active employees. Retirees and their dependents, who qualify for Medicare, regardless of age, will have coverage in the Medicare Supplement Plan (MSP). This plan is subject to change to be consistent with Kimberly-Clark's medical strategy.

An employee is not required to (1) enroll in retirement coverage immediately upon retirement nor (2) if eligible for retirement under the Pension Plan, commence his/her pension benefits immediately after termination of employment. Employees may elect retirement coverage (1) immediately upon retirement, (2) during an annual enrollment period for coverage beginning the first day of the following year, or (3) within 30 days after a Permitted Election Change.

Prior to the commencement of retirement, an employee will be given an opportunity to change health care plans, making the selection from among the medical plans available to active employees at that time. Subsequent medical plan selections will follow the Annual Enrollment process.

These employees will receive Retiree Medical Credits upon retirement based on their years of service as indicated below. Retiree Medical Credits may be used to offset all, none or a percentage of any required monthly premiums. The retiree medical premium will be based on retiree claims experience. Once these Retiree Medical Credits are depleted, retirees are responsible for 100% of the required premiums.

Employees hired after January 1, 2007, will have access to a Kimberly-Clark group retiree medical plan. These employees will be responsible for paying (100%) one hundred percent of the cost of their retiree medical coverage.



| Years of Vesting Service | Credits |
|--------------------------|---------|
| 15 | 40,000 |
| 16 | 44,300 |
| 17 | 48,600 |
| 18 | 52,900 |
| 19 | 57,200 |
| 20 | 61,500 |
| 21 | 65,800 |
| 22 | 70,100 |
| 23 | 74,400 |
| 24 | 78,700 |
| 25 | 83,000 |
| 26 | 87,300 |
| 27 | 91,600 |
| 28 | 95,900 |
| 29 | 100,200 |
| 30 and above | 104,500 |

Retiree Medical Credits are transferable to the surviving dependents, even if the retiree did not have coverage as of the date of his death. Surviving dependents that voluntarily terminate coverage after credits are depleted cannot resume coverage in the future. A surviving dependent of a retiree may continue coverage following the retiree's death regardless if other group medical coverage is available to the surviving dependent or if the individual remarries. The surviving dependent will be required to pay the full applicable monthly premiums after the retiree's death in order to continue coverage. Premiums may be paid with Retiree Medical Credits, if any. Coverage will continue in effect for the retiree and eligible dependents as long as premiums continue to be paid. Coverage can be terminated for failure to pay all or a portion of a premium. Termination of such coverage is irrevocable.

EXHIBIT C - GROUND RULES

GROUND RULE NO. 1 - PLANT REPLACEMENT EMPLOYEES PROCEDURES

Employees with (10) ten or more years of service that are displaced to the PRE list will be weekly assigned to their grandfathered job or a job within their local if available by seniority.

GROUND RULE NO. 2 - PERSONAL LEAVES

A. All personal leaves of absence shall be for a valid reason and subject to:

1. Any employee having completed at least one year but less than (5) five years of service shall be eligible for (1) one week leave of absence.
2. Any employee having completed (5) five years but less than (10) ten years of service shall be eligible for (2) two weeks leave of absence.
3. Any employee having completed (10) ten years but less than (15) fifteen years of service shall be eligible for (3) three weeks leave of absence.
4. Any employee having completed at least (15) fifteen years shall be eligible for (4) four weeks leave of absence.

| Years of Service Completed | Leave of Absence Weeks |
|----------------------------|------------------------|
| At least 1 < 5 | 1 |
| 5 < 10 | 2 |
| 10 < 15 | 3 |
| More than 15 | 4 |

B. Ample notice should be given the Company in writing when an employee desires to take a leave of absence.

C. All vacation/holidays must have been used or scheduled before being afforded a personal leave.

D. The Company will make every reasonable effort to authorize the leave request, provided they do not create an overtime situation, result in additive cost, or slow progress on necessary work as determined by the Asset Leader. Authorization will be as follows:

1. For single days, the Asset Leader or Schedule/Planner will approve.
2. For up to three days, the Asset Leader/Scheduler/Planner must endorse, the Team Leader must approve.
3. For three or more days, the Asset Leader, Scheduler/Planner, and Team Leader must endorse, and the Mill Manager or Human Resources Manager must approve.

E. If any employee desires or needs a longer leave of absence, or a leave of absence not conforming to the above rules, they will make a written request to both the Company and the appropriate Local Union. It will be granted if both the Company and the Local Union approve the request.

GROUND RULE NO. 3 - SPECIAL UNIFORMS

The Company will provide the following special uniform allowance per year (January 1 through December 31) to employees who wear special uniforms in accordance with Company rules. The Company will pay the full cost of up to (5) five pair of welders' gloves for each welder per calendar year.

GROUND RULE NO. 4 - SAFETY

HEARING CONSERVATION

The Company shall have a Hearing Conservation Program. Audiograms shall be made on a yearly basis on all employees or employees assigned to specific work areas. Audiograms shall be a part of the pre-employment physical examination for all new employees, except vacation replacements. For employees who are required to wear hearing protection, the Company will pay the full cost of an initial pair of molded earplugs or other approved hearing protection if required. Hearing protection must be purchased from

a Company-selected, single-source supplier. The Company will not reimburse employees for hearing protection purchased from other suppliers. The Company will pay (50%) fifty percent of the cost for any subsequent replacement.

SAFETY SHOES

The Company will reimburse employees up to (\$200) two hundred dollars for safety shoes each calendar year. Shoes must be direct-purchased or accompanied by a valid receipt.

SAFETY EQUIPMENT

Safety equipment which the Company requires or recommends employees use, other than personal clothing or personal equipment, will be provided by the Company. Examples of personal equipment are safety eyeglasses and safety shoes.

INDUSTRIAL SAFETY EYE GLASS PROGRAM

Effective June 1999, the Company will pay up to (\$135) one hundred thirty-five dollars each calendar year toward the cost of prescription safety eye glasses. Effective June 2006, the Company will pay up to (\$150) one hundred fifty dollars each calendar year toward the cost of prescription safety eye glasses. Effective June 2008, the Company will pay up to (\$165) one hundred sixty-five dollars each calendar year toward the cost of regular prescription safety eye glasses. The eyeglasses must be purchased from a Company-selected, single-source supplier. The Company will not reimburse employees for safety glasses purchased from other suppliers. Only standard safety frames and lenses will be authorized.

SMOKING ZONES

The Company will provide specific areas in the mill where smoking will be permitted. The smoking zones may be changed from time to time by the Company, due to insurance regulations or operating conditions. The Company will attempt to relocate smoking zones if such a change is necessary.

GROUND RULE NO. 5 - LOCAL UNIONS

LOCAL UNION CONTRACT ADMINISTRATION

Local Union Officers, Standing Committee Members, Shop Stewards, and members of other Local Union Committees established as provided by the Agreement, will normally handle contract administration outside of their regular work hours. However, such employees will be allowed a reasonable time, in accordance with past practice, without loss of pay from their jobs, for contract administration which can be handled during regular working hours, without affecting the continuity of operations.

In any case when such an employee wants to leave their assigned work area, they must either notify their supervisor before leaving, or have previously made arrangements with them before leaving; provided, however, under certain circumstances, a supervisor can request such an employee to delay leaving until a more convenient time. Further, other employees must not be disturbed to the extent that the continuity of their operations or their safety is affected.

SHOP STEWARD IDENTIFICATION

Shop Stewards may wear a shoulder patch or label.

LOCAL UNION LOCKERS

The Local Unions will be assigned lockers by the Company for Local Union supplies.

NEW EMPLOYEE INTRODUCTION

The Company will make an effort to see that each new employee is introduced to the appropriate Shop Steward.

SHOP STEWARD SHIFT

The Company will advise the Chief Steward of the appropriate Local Union in advance of a permanent shift schedule change of a Shop Steward. The Company will make reasonable arrangements to avoid such a shift change if requested by the Local Union.

GROUND RULE NO. 6 - LUNCH PERIODS

In any case where an employee who has a lunch period scheduled by the Company is required to work during their scheduled lunch period, and they are unable to commence and end an unbroken half-hour lunch period within the period beginning one-half hour before the start of their scheduled lunch period, and ending one-half hour after the close of their scheduled lunch period, they shall be

paid for the lunch period. If an employee's lunch period is interrupted by the Company and such employee returns to work before the end of their lunch period, they shall be paid for their entire lunch period. Employees working on a (3) three-shift operation who have a scheduled lunch period of less than (30) thirty-minute duration, shall receive (8) eight hours' pay for each completed normal operation shift. This provision does not constitute a guarantee of (8) eight hours' pay.

GROUND RULE NO. 7 - CLOTHING CHANGE CREW PROCEDURE

Refer to Local 644 Tissue Manufacturing Seniority Ground Rules.

GROUND RULE NO. 8 - PHYSICAL EXAMINATIONS

Any employee hired before he has had a Company physical examination shall, as a condition of continued employment, be required to pass such examination to the satisfaction of the Company within two weeks of initial employment date. The periodic physical examination program, made available to employees by the Company at Company expense while employees are on shift, shall be on a voluntary basis.

Even though an employee has a release from their doctor to return to work following an illness or an accident, the Company may require such employee to take a special physical examination before returning to work. In such cases, the employee may choose any doctor from the group of doctors selected by the Company who perform the regular physical examinations, or any doctor in the Everett Clinic, at the expense of the Company.

GROUND RULE NO. 9 - MEDICAL JOB ASSIGNMENT

The company will make an effort to place regular employees who are unable to perform their regular job duties because of physical limitations on other regular jobs compatible with their physical limitations. The Company will notify the Chairman of the appropriate Local Union Standing Committee of such temporary assignment of any employee, because of physical limitations, to a job other than their regular job when the assignment is expected to be for an extended period.

In such cases, at the next Standing Committee Meeting, there will be a discussion of the matter and a record made of such temporary move provided. However, when the seniority of other employees is affected, the Company and the Local Union Standing Committees will reach a mutual understanding of such placement.

GROUND RULE NO. 10 - PRODUCTION CHANGES

The Company will promptly notify the President or the Chairman of the appropriate Local Union Standing Committee of any major production changes scheduled by the Company. This will be done prior to the actual change.

GROUND RULE NO. 11 - VACATION COVERAGE

The Company will notify the appropriate Local Union Standing Committee when a job, a unit, or a department is to be shutdown and the employees used for vacation coverage. The employees shall receive their regular rate or the rate of the job to which they are assigned, whichever is higher.

GROUND RULE NO. 12 - MECHANICS

- A. Each employee in the Mechanic's Program will be given a general list of skills and tools and the outline of study and testing for their particular trade.
- B. Reasonable notice will be given to a mechanic that they have a test due and that they should be prepared to take it. A convenient time for the employee and the person giving the test should be set with the understanding that the test will be taken within (30) thirty days of the notice.
- C. An employee taking a mechanic's test may elect at the end of (4) four hours to continue the test or to postpone the balance until the next working day.
- D. Test results will be reported by letter to the Local Union Mechanic's Committee and the employee involved.
- E. The Company will provide the Local Union Mechanic's Committee with a list of mechanics by trade and with grade dates.

F. Posting for an opening in the mechanics' classifications shall be for a specific trade.

G. The general content of tests for the various mechanics' classifications will be reviewed and discussed at a meeting of the Joint Mechanic's Committee.

H. All mechanics will be reimbursed, in full, for tuition and required books and fees in trade-related courses.

I. Tool responsibility: Employee's personal tools which have become broken, severely damaged (not including normal wear and tear) will be replaced by the Company. Lost or stolen tools on the job will be replaced at (75%) seventy-five percent cost to the Company.

GROUND RULE NO. 13 - CONTRACTED WORK

It is the intent of the Company that maintenance and repair work traditionally and normally performed by members of this bargaining unit shall be performed by these employees whenever possible, subject to the following limitations:

1. Availability of appropriate skills
2. Availability within the Company of required equipment
3. Reasonable availability of man-hours to complete the project within schedule time limits

When exceptions to this intent become necessary, the Company will discuss the proposed contracted work with the appropriate Local Union representative(s) as soon as it can be known that the proposed contracted work is needed and every reasonable effort will be made to reach mutual agreement before completing agreements with contractors. It is the intent of the Company that orders for contracted work will be reviewed by a designated company representative with the appropriate Local Union representative(s) prior to the work being performed.

Once the Contract Notification Field Team has been properly notified of the Company's intent to contract out the work, subsequent changes to the availability of man-hours within the original time frame does not constitute the Company's failure to comply with the provisions of Ground Rule 13.

LETTER OF INTENT REGARDING CONTRACTED WORK

The Company and Local 183 AWPPW Union agree to the following approach to the resolution of contracted work decisions. In reaching this agreement, the parties recognize that maintenance and repair work traditionally and normally performed by members of the bargaining unit shall be performed by the employees whenever possible, at the lowest cost and highest efficiency possible.

All work that is being considered for contracting out will first be submitted to the respective Union CFWN Coordinator and Maintenance Manager for a determination as to whether the appropriate skills and required equipment are available to complete the work within the required time. The Union CFWN Coordinators will be expected to confer with the mechanics in their area as to their availability to meet the time frame. The decision will be communicated to the requestor in a period which will not exceed (2) two working days. The notification process will be handled area specific, but will allow for "make-sense" resource sharing.

Work that the Union has indicated they wish to be retained, will be forwarded to the appropriate area Scheduler for consideration based on available man-hours for the period of time the work is required to be completed. Available man-hours is based on the overtime hours that the mechanics have electronically signed up for as willing and committed hours they will work, if there is work available.

The company will set the priority as to which jobs will be done based on the prioritized work list and available man-hours, including willing and committed overtime. The schedulers and maintenance leaders will meet to decide on a work plan that optimizes resources. If there are not enough available man-hours to complete the prioritized work list, then the job(s) will be contracted.

In the case of new construction, the Company is committed to up-front involvement by the Trade/Craft to insure the right work is planned, the scope is realistic, and the project can be commercialized with excellence. To this end, on major/complex projects, a trade/craft representative will be assigned to the job to insure success. The parties will discuss and agree to these assignments.

On a scheduled, weekly basis, the project engineer will present an overview of all pending "new construction" work to all the Union CFWN Coordinators and Maintenance Managers. Only that work which the Site Construction Crew has previously reviewed, and can not handle, will be presented. Once received, mutual agreement between the parties should generally be reached in a time period not

to exceed (5) five working days. In cases where it makes sense to contract "new construction", the availability of Trade/Craft hours to reduce normal maintenance backlog would need to be carefully reviewed and adjustments made where needed.

Disputes regarding the Ground Rule 13 process will follow the appeal mediation process, prior to the work being contracted out, if possible.

GROUND RULE NO. 14 - INFORMATION TO LOCAL UNIONS

The Company will furnish the Local Union such information as required by the Agreement for the purpose of contract administration and will give consideration to other requests for information when presented by the Local Union.

The Company will provide each Local Union each week a list of new employees within the jurisdiction of that Local Union who have been hired by the Company the previous week. This list will include addresses, telephone numbers and job assignments. In addition, the Company will notify the appropriate Local Union when an employee is permanently transferred from one jurisdiction to another.

GROUND RULE NO. 15 - PULP PREP PROCEDURES

Refer to Local 644 Tissue Manufacturing Seniority Ground Rules.

GROUND RULE NO. 16 - LAUNDRY

The Company will provide suitable work clothing and weekly laundry service for:

1. Mechanics *et. al.*
2. Panel Operator Helpers
3. Boiler House Workers

Coveralls, shirt and overalls, or shirt and pants are the only articles of clothing which shall be laundered. Each eligible employee will be limited to (2) two sets of clothing per week except that the Company may provide additional laundry services beyond the two sets when it deems necessary.

GROUND RULE NO. 17 - SPECIAL WORK ASSIGNMENTS

A. Work assignments on Company property not associated with the Everett operation will be on a voluntary basis and will be discussed with the Local Union Standing Committee prior to such assignments.

B. Work assignments off Company property will be on a voluntary basis and will be by mutual agreement with the Local Union Standing Committee.

C. Training/special assignment rate structure - This rate applies only to employees that are removed from their regular shift for (8) eight hours or more to:

1. Assignments to develop classroom training
2. Assignments to deliver classroom training
3. Assignments to work on a Work System Design Team
4. Assignment to a full time Safety Resource Role
5. Assignments identified by consensus of the LMPC and that are economically disadvantaged by the special assignment will be eligible for a special assignment rate.
6. With the implementation of Operating Teams, Coordinating Roles (Training, Staffing, Safety, and Equipment Reliability) will not be eligible for compensation under this agreement.
7. The assignment must be for (8) eight hours a day or more in duration.

Special Work Assignments will be paid at (\$2.00) two dollars per hour above the employees PER rate/level for all hours worked. Full-time and intermittent employees on special assignment will be grandfathered, maintaining their current special assignment rate and pay practices, through May 31, 2006.

GROUND RULE NO. 18 - GENERAL ELECTIONS

In cases when employees' work schedules are such as to make it difficult or impossible to exercise their privilege of voting, the Company will, at the request of an employee, arrange for modification of the employee's schedule of work so as to provide adequate time in which to vote.

GROUND RULE NO. 19 - HEALTH TRANSFERS

In instances when an employee is required to move to another area for reasons of health, the Company will endeavor to assist such employee in obtaining employment in another Kimberly-Clark plant.

GROUND RULE NO. 20 - ABSENTEEISM

No norm will be set or applied by the Company with regard to employee absenteeism. Each case will be judged on its own merits. When reviewing the attendance record of an employee who has not received a written reprimand or suspension for absenteeism, only the immediately preceding (1) one-year period will be considered.

GROUND RULE NO. 21 - FINISHING MAINTENANCE CHECK

Finishing Department employees, when assigned to a maintenance check in Finishing, will receive their regular rate of pay.

GROUND RULE NO. 22 - EMPLOYEE TRAINING

It is the Company's intent to provide reasonable and adequate training on all jobs, and to assure that no employee will be placed on a job alone until training has been completed.

GROUND RULE NO. 23 - ICS COURSE - STEAM PLANT

An I. C. S. course shall not be required for promotion in the steam plant.

GROUND RULE NO. 24 - TEMPORARY ASSIGNMENT IN MAINTENANCE GROUP

No person should be assigned to work with a crew of mechanics on a temporary basis for longer than (6) six months. If the workload indicates that a man should be added to a crew on a permanent basis, management shall clarify whether or not an opening exists.

GROUND RULE NO. 25 - SHOP WORK SHIFTS

On occasions when shop work must be performed at night, a mechanic may make a request to be excused from such assignment. In such event, a qualified mechanic with less seniority in the crew will be assigned to perform such work if he is available.

GROUND RULE NO. 26 - RETURN FROM MILITARY LEAVE

Any employee who applies for re-employment after a military leave, in accordance with the provisions of applicable Federal law, shall be re-instated with full seniority rights as outlined below:

- A. If the employee returning from military leave left for military leave from a permanent position on a progression ladder, they shall be moved to the level on the progression ladder which they would have obtained had they never left the progression ladder, following appropriate training on that job, or jobs below it, if such training is required.
- B. An employee returning from military service who left for military service while assigned to a replacement crew will meet with a representative from each of the (2) two Local Unions and the Human Resource Department to determine to what progression ladder/operational unit they would be assigned. Once a progression ladder/operational unit have been selected, they will be promoted on that progression according to "A" above. If an individual elects a progression ladder/operational unit where the junior person on the progression ladder/operational unit is senior to them, they shall be placed in the replacement pool where they were previously employed.
- C. In both "A" and "B" above, after all of the employee's right have been explained and they have made a decision, the employee will be required to verify said decision in writing.

D. In Items "A" and "B" above, if training is required, adequate training will be provided to allow them to perform the job as quickly as possible.

E. The employee will receive the rate of the job they would have achieved had they never left for military service, provided they are physically qualified. If training is required, they will receive the rate of the job next below.

F. If the returning employee displaces another employee, the Seniority Ground Rule procedures will be carried out.

GROUND RULE NO. 27 - MILITARY LEAVE PAY

The Company will make up the difference in pay received by employees who must attend a (2) two-week annual military reserve training session. This difference shall be computed by multiplying (80) eighty times the employee's PER rate and subtracting from this their gross military earnings for the (2) two-week training period.

GROUND RULE NO. 28 - JOB POSTING PROCEDURE

Permanent job opening will be posted under glass for a (14) fourteen-day period. Such postings will be at the South and East Gates, as well as the Secondary Treatment Plant and Riverside Office. Applications for jobs will be made available at the Personnel Office. Employees will be allowed to designate proxies to bid for them in their absence. Proxy forms will also be available in the Human Resource Department. Newly created job openings will be posted for a (21) twenty-one day period. This Ground Rule applies to transfers between departments, not lateral or internal moves.

Once an employee accepts a job posting and begins work in that job, they may not post for another job, except maintenance positions, for (1) one year. The trial/evaluation period of all jobs will be limited to (45) forty-five calendar days. Employees who request to be returned to their prior job, during the trial period, will do so without loss of seniority, but will be ineligible for transfer at their request for (1) one year. If an employee, after they begin work in the new job, is returned at the Company's request or due to lack of qualifications, they may post for another job at any time. Employees are not eligible for a transfer at their request for (1) one year from date of hire. Exceptions to the aforementioned time periods will be mutually agreed to through the Joint Standing Committee. The Company commits to releasing employees who accept a job transfer within (60) sixty days whenever possible. If business needs necessitate an extension beyond the (60) sixty-day timeframe, the Company commits to notifying the employee in advance, and the employee may withdraw their bid without penalty.

GROUND RULE NO. 29 - SCHEDULING DURING FORMERLY RESTRICTED HOLIDAY PERIODS

Three (3) weeks prior to the formerly restricted holiday periods of Independence Day and Christmas, the sign-up sheets requesting to work and requesting to not work will be posted in all departments/operational units. Any employee scheduled to work may request to be off for each holiday period by signing a designated sheet in their department/operational unit any employee not scheduled to work may request to be scheduled for each holiday period by signing a designated sheet in their department/operational unit. The sign up sheets will be posted for (2) two weeks. Final schedules will be posted no later than Wednesday of the week prior to the week in which the restricted holiday occurs. The following direction will be stated on the sign-up sheets:

- *"It is possible your unit may be shut down for the upcoming Holiday period. If you wish to work, you must sign up on this form."*
- *"Note: Your equipment may be operating and you will be scheduled there, otherwise you will be scheduled elsewhere."*

The Company will make every effort to adjust the work schedule to accommodate employees' requests. However, if the number of regular qualified employees willing to work is insufficient to meet manning requirements, the Company may use (12) twelve-hour shifts, assignment by inverse seniority (where qualified), or vacation relief employees. In all cases, the Company intends to use permanent employees where possible before employing vacation relief employees.

It must be recognized that mechanical breakdowns or emergency situations may cause a change of schedule to ensure operations or protect mill property or personnel.

EXHIBIT D - THE ENABLING AGREEMENT

The parties agree to this Enabling Agreement in order to arrive at a contract solution that will be considered a win by the Company, the Union, and all employees. It is a basic belief that doing work more effectively and efficiently is a necessity to long-term survival and good will in our competitive environment. What is agreed to here is a willingness by both parties to try a different approach to accomplishing this improvement effort. Therefore:

A. This agreement to work together will give rise to improvements in the labor-management relations over time. This improvement should be discernible to both parties.

B. In working together, the parties will focus on work rule/flexibility changes and other work environment changes agreed to by the parties, in order to continuously improve our ability to:

1. Meet customer demands
2. Create and develop more efficient operations
3. Obtain and maintain a competitive edge
4. Utilize potential of employees as a resource

C. A Steering Committee will be formed to deal with these changes. Once operational, this committee will be the only committee to deal with work rule/flexibility changes that affect the Labor Agreement. This Labor Management Participation Committee (LMPC) will have equal membership with no more than (16) sixteen members in total, (8) eight to be selected by the Company and eight to be selected by the Union.

D. In order to improve the relationship, the parties have agreed to the following:

1. Jointly select and work with an outside consultant whose expertise in cooperative approaches is to improve the Labor/Management relationship.
2. Participate in jointly-selected Site visits.
3. Jointly participate in problem solving, consensus building and conflict resolution skill development training.
4. The LMPC will attempt to reach consensus on all decisions. If consensus cannot be reached and any party wishes to pursue the issue, a vote of all (16) sixteen members will be taken after a cooling off period of at least (7) seven days. No decision will be enacted by the LMPC if (3) three or more of the (16) sixteen members cast dissenting votes. Alternates may be used at the parties' discretion.
5. The LMPC will develop a way to measure and monitor work rule/flexibility and work environment changes. Resolutions around the changes, reached by the LMPC will become binding and part of the Mill Labor Agreement superseding any previous agreements.

Finally, it is agreed that this effort will be outside the ongoing, daily labor management relationship and that every effort will be made by both parties to keep this effort as cooperative as possible regardless of other issues that may exist in the day-to-day relationship. This agreement is fully recommended by the parties pending ratification by the membership.

LABOR MANAGEMENT PARTICIPATION COMMITTEE

1. Help employees understand the Enabling Agreement and the need to continuously improve.
2. Be proactive and responsive to work rule/flexibility and other work environment changes.
3. Develop guidelines for doing work more effectively and translate guidelines as needed into contract revision.
4. Develop an ongoing communication process to all employees that promotes understanding of cooperative relationships and work rule/flexibility and other work environment changes.
5. Address problem areas of implementation. Develop alternatives and implement solutions.
6. Develop feedback and evaluation methods.
7. Assist in the identification of training needs necessary for implementation.
8. Make effective use of consensus decision making.

EXHIBIT D-2

D-2 Joint Declaration Statements

This Joint Declaration Statement reaffirms the commitment all Everett employees (hourly and salaried) have made to the joint cooperative change effort. Through collective bargaining, the Company and Union have specifically committed to initiate work rule flexibility changes and work environment changes. The bargaining committee members for both the Company and the Union

believed that in order to effectively problem solve and cause tangible change, a new environment and labor management relationship first had to be developed. These bargaining committees and the LMPC believe that in the past year the LMPC has succeeded in transforming the labor management relationship.

- A. There is a marked improvement in the level of trust and honesty in the working relationship.
- B. There is a higher level of mutual respect and greater understanding and regard for our differences.
- C. The LMPC has had success in capability development around group problem solving, managing change, joint decision making, and conflict resolution.
- D. There is a much greater sharing of business knowledge and what it takes for the business to succeed.
- E. The plant management and the local union leadership are sharing responsibility for decision making on a much broader basis.

Kimberly-Clark, Everett Plant Management, the AWPPW, and its local union leadership at Everett are convinced that continuing evolution of the joint cooperative change effort will produce and ensure the following:

- A. Long term employment security for all.
- B. The business ability to grow and be highly competitive.
- C. A work environment that ensures continuous learning and capability development for all employees.
- D. Training and retraining to keep pace with technology change.
- E. Individual earnings growth.

Kimberly-Clark, Everett Plant Management, the AWPPW, and its local union leadership at Everett, believe we need to increase each individual employee's freedom to act on the job, provide opportunities for capability development, support the team approach to work and eliminate work restrictions which are unnecessarily prohibitive. This declaration commits all employees (hourly and salaried) to begin now, to identify and to initiate through the LMPC, significant departmental and plant-wide changes in maintenance craft flexibly and operators doing maintenance work. All employees are committed to implementation of these changes. This work must occur concurrently with other work rule flexibility and work environment changes currently underway, as well as, those requested by employees in the future. The leadership of the Company and the Union are committed to managing through joint teams to the ongoing development of those teams including the LMPC. It is important that all employees understand and reconfirm the commitment to the joint cooperative effort initiated by the enabling agreement in December 1988 and the need for change by all employees in all areas of the plant.

MAINTENANCE MULTISKILL AGREEMENT

Outlined here are agreements reached by the bargaining committees for the Company and the Union relative to the continuation and enhancement of the Maintenance Multiskill Program. Maintenance Multiskill Program is the work of the LMPC. This agreement supersedes all previous agreements and practices that would hinder the Multiskill Program in reaching its full potential.

- A. Upon ratification of this agreement, an *ad hoc* committee appointed by the LMPC will review all multi-skill agreements. This committee will recommend to the LMPC the removal of those agreements and practices that are mutually agreed to hinder the advancement of this program. The final determination will be made by the LMPC.
- B. The key focus of this work is to move to a maintenance organization that values people's skills.
- C. The intent is to expand the capability of Journeymen and Apprentices by providing training (where necessary) in basic skills in other trades and utilizing those skills to their full potential. The parties will jointly develop qualification criteria and tracking that identifies an individual's multi-skill trade(s) and any exclusion from full primary trade status.
- D. Individuals with capability in multiple multi-skill trades will have the right to be listed on the multi-skill call-in list for all of those multi-skill trades.
- E. Formerly recognized trades (carpenters, painters, riggers) will count as multi-skill trades for those individuals holding status as Kimberly-Clark employees in these formerly recognized trades upon ratification of the 2005 labor agreement. Upon ratification, these trades will no longer be recognized as applicable multi-skill trades for newly hired mechanics.
- F. There are currently (11) eleven active trade classifications.
- G. It is the intent of the parties to evolve to the point where there are (2) two Multiskill trades which are: General Mechanic and General E&I. People in new Multiskill trades will retain Journeyman level skills of (1) one recognized Journeyman trade and learn multiple basic skills beyond that recognized Journeyman trade.

EXHIBIT D-3

D-3 Everett Work Redesign Implementation

There will be no layoffs as a result of the implementation of work system redesign. This does not protect the workforce from lay-off reasons, such as asset shutdowns, loss of business or new capital. The specific elements of the Everett High Performance Work System design are as follows:

I. WORK REDESIGN - VALUES AND PRINCIPLES

A. The parties agree that in order for the Everett Plant to be competitive in the future and meet customer needs in a high quality way, the total organization must transition to a highly-skilled, asset-team based, customer-focused, high- performance work system.

B. Training is a key and vital ingredient for successful work redesign. The parties agree and are committed to providing the needed training systems required to have the best-trained and most-skilled people in our industry. The training program will include technical, operational, business, process, inter-personal and team skills. Each skill block will have clearly defined expectations. Qualifications in each skill block will require demonstration of learned skills. It is also understood that the training system will be developed in a way that anyone willing to learn can succeed. It is further understood that the Company will provide the required resources to insure the training in the required time frame. Training will be audited by LMPC.

C. The concepts behind the work design are self-directing teams and high-performance work systems:

1. Teams of highly-skilled people share responsibility for many functions. Instead of a traditional work system that places responsibility for a single function with a single individual, the new design places responsibility for cost, quality and performance with the team as a whole. This shared responsibility makes team members more aware of the factors that affect the performance of their work system.
2. The team takes the broadest, most practical responsibility within the product system to foster the feelings of ownership for their products. This responsibility extends from receipt of the incoming material through delivery of products to downstream customers.
3. The team has the accountability and knowledge necessary for proposing and implementing improvements and solutions to problems. Just like partners in a small business, team members work together to monitor and manage their own overtime, job assignments, work planning and scheduling per the contract. They also affect budgets and planning for equipment changes and training.
4. This new level of accountability for all team members, along with the expectation of learning new skills by rotating through various technical and coordinating roles increases members' process and business knowledge. New skills and accountability help keep team members challenged and interested in their work and add to their potential to contribute to the business.
5. The flexibility of the work design improves the organization's ability to respond to changes in products, processes and business conditions, and avoid upsets.

D. In order to accomplish the strategic cost-reduction/competitiveness objectives, as well as, the changes affecting the Everett Mill as the result of the new southwest market-based converting operation, the initial phase of the redesign efforts will include all (4) four floors of the Tissue Mill Converting Operations and all associated support work (I.e. Materials Handling, Quality, Maintenance, etc.). This work redesign will focus on the integration of work within each team, capability and skill development of both individuals and teams, and integration of the work with material flow improvements. This effort will be completed within (2) two years, including skill-based pay implementation.

E. The parties believe the design and implementation of the new work system described above will be of such high quality (world class) that it will serve as a positive model for the remaining departments in the site. Therefore, immediately following the start-up of this work system, the remaining departments will begin the process of work redesign in a priority order, based upon their potential impact on the new work system, and will complete such work redesign within a (2) two- to (3) year-time frame. It is also agreed that this second phase of work redesign will be in conformance with the provisions of this Memorandum of Agreement and will be supportive of, and totally compatible with, the first work system design.

F. The overall process for implementing the work system redesign will be defined in phases with clearly defined responsibilities for individuals/teams as a result of each phase of training. Additionally, timetables and performance

measurements will be established to audit progress. All financial incentives will be tied directly to both achievement of individual performance levels, and continued demonstration of necessary skills.

G. It is also agreed that the initial focus of the training efforts will be on accelerating the development of the basic skills and knowledge of operators necessary to better control the process, operate, adjust and maintain the equipment. While basic interpersonal and problem solving skills will be provided initially, the advanced skills and knowledge required to evolve Asset Teams from supervisory leadership, to participative leadership, to team leadership will only be introduced once the jointly developed LMPC subcommittee has reached consensus on the end state vision and necessary changes needed in the culture to support this state of development.

II. DESIGN CRITERIA

A. The new work system will be designed to incorporate a job-family structure with gates.

B. Individual members will rotate on a continuing basis between the various job functions in their job family in order to retain their skills/process knowledge and to provide training opportunities for other team members.

C. All employees will be expected to perform all job functions within job families in the work system. In the event of a *bona fide* physical or mental limitation that renders an individual unable to perform the required tasks associated with their job family, the union and management leadership, with input from the work team, will determine if a reasonable accommodation can be made for the individual:

1. Within the job family, or if unsuccessful
2. Within the remainder of the mill.

D. A skill-based pay system will be designed to support the new work system and to compensate team members as they learn, demonstrate, certify and continue to develop their required social, technical, business and leadership skills, and the transfer of skills to other team members. The certification of employees will be the responsibility of Management.

E. The total increase in wage compensation for the skill-based pay system shall not exceed (\$1.50) one dollar and fifty cents per hour based on the combined average straight time hourly rate for the operational unit involved in the work design. This effectively deals with any and all substantial change adjustments arising from the redesigned efforts directed by the LMPC. All other change is subject to Exhibit A, Section 1, Paragraph I.

F. In order for operators to qualify for the (\$1.50) one-dollar-and-fifty-cent skill-based pay maximum, the basic, intermediate and advanced skills and skill levels which are incorporated and integrated into the work system design must be commensurate with a world class, high performance, team based organization.

G. Individual team members will be required to demonstrate integration and application of skills for a jointly determined adequate period of time before beginning training in a higher skill block.

H. Skills shall be defined in broad/generic terms to accommodate changes, new concepts and new learning which will occur over a long period of time. Skill level requirements will increase over time to accommodate business needs.

I. The work systems design will include specific support and coordination roles for team members which, over time, will enable teams to become self-directed.

J. Participation in the new work system will not be optional. Everyone within an operational unit being redesigned will be expected to be a participating, contributing member of the system.

K. Everyone will be provided training opportunities over a period of time; seniority will be used to determine priority of people being trained. All seniority provisions in the contract will remain in place, except as modified by the provisions of this Memorandum of Agreement.

L. The design and delivery of training will be competency-based. This will ensure that training and the associated compensation will be in place in a timely manner, available when employees need it, and without unnecessary delays. It is also an expectation that training will be accomplished both in formal classroom and on the job. Additionally, barriers that hinder access to capability development will be addressed and an expectation will exist that individuals are freely transferring their unique skills to others within the team.

III. OPERATING TEAMS

A. An Operating Team is a highly-evolved asset team with a capable and interdependent group of hourly personnel of multiple disciplines who collectively possess the skill and knowledge required to control the process, safely operate the equipment and participate in its maintenance in a way that world class performance is consistently achieved.

B. Routine Maintenance Work is defined as: Operations employees will perform routine maintenance work in their operating area. The nature of the work will be a logical extension of the scope of their particular operating job so the employees can more fully utilize their time and talents. Operating employees will receive training as required to safely and correctly perform such routine maintenance work.

C. Material Handling and Flow: Operators will be responsible for the movement of materials required in their work system, consistent with safe practice and procedures.

D. Operations:

1. A shift-change process will exist for adequate exchange of any information required for continuous trouble shooting/problem solving.
2. Operators will do whatever work is required with no jurisdictional barriers within their respective work system.
3. Operators will do routine maintenance work. This includes, but is not limited to, operators tuning and adjusting the equipment, performing routine equipment repairs and replacing parts and components within the skills and capabilities of the team, and brand changing.
4. Team members will be aware of needs downstream and will let upstream operations know the results of their work. This will consist of regular visits which involve discussion of technical requirements.
5. Operators complete and document the Reliability Centered Maintenance based condition monitoring rounds and perform routine maintenance required to get back to standard during these rounds. They are accountable for creating work orders for work they are not capable of safely or effectively correcting themselves.
6. Teams will self-direct their own formal training system and will participate in the delivery of such training.
7. Operators and trades people are actively responsible for failure analysis and follow-up implementation.

E. Maintenance

1. Maintenance trades are responsible for:
 - a. Utilizing their expertise on special jobs requiring higher skills.
 - b. Providing training to Operators who are accountable for routine maintenance and adjusting work.
 - c. Providing additional resources in the execution of planned maintenance.
2. The Team is responsible for overall maintenance planning and scheduling, as well as auditing the outcome of their work to improve on-going performance.
3. Trades people and Operators are actively responsible for failure analysis and follow-up implementation.
4. Trades people work with Operators on a frequent enough bases to build their process skills and understanding of the operating requirements of the equipment.

F. Quality/Process Control

1. All testing to control process and quality will be done by operators.
2. Quality will be monitored and controlled at all points of the process by those team members involved at that point of the process.
3. Individual Team members will be self-directing and will perform problem solving and problem prevention analysis around quality and process.
4. Team members will use a process control system including, but not limited to SPC (Statistical Process Control), centerlining, control charts, standard operating procedures, trouble shooting processes, and A. T. S. (Analytic Trouble Shooting).
5. The work system will be self-directing, utilizing formal (individual and team) decision-making, problem-solving, and problem-prevention techniques.

G. Leadership/Problem Solving/Decision Making/ Business Skills

1. Individuals will be responsible for the safe behavior of the members on the team and the safe operation of the assets. This includes responsibility for safety training and the development and implementation of safe operating procedures.

2. Teams will be connected to the needs of their customers and will actively control the quality and service they deliver to match those needs.
3. Teams will be accountable for auditing and tracking performance to ensure clear measurement of results against operating goals.
4. Teams will have, through training, an understanding of the total business and have capability to impact business results. They will be aligned to direction provided by the business units and make decisions focused on consistently achieving business goals.
5. Teams will, through training, have basic process knowledge of all operations in their process flow (upstream and downstream).
6. Teams will share accountability for cost decisions pertaining to the usage of labor, parts, materials, energy and accountability for the resource effectiveness of cost decisions over which they have control.
7. Teams will make supplier contacts when appropriate (matching demand and just-in-time inventories).
8. Teams will administer discretionary time, work assignments, team meetings, vacancies, vacations, Floating Holidays, etc. The use of external coverage will be minimal, as the design of the team will be sufficient to cover most vacancies.
9. Teams will administer overtime, call-ins and extra work.
10. Teams will be given training in team skills, including conflict prevention/resolution, valuing differences, etc., to enable them to effectively function as a team.
11. Teams will schedule, lead and facilitate team meetings to accommodate the following functions:
 - a. Group decision making
 - b. Problem solving
 - c. Team communications
 - d. Goal setting and performance tracking
 - e. Project improvement work

IV. THE FOLLOWING GUIDES WILL BE UTILIZED WHEN IMPLEMENTING WORK REDESIGN:

- A. The LMPC will provide overall directions and expected outcomes for the work redesign effort. To this end, the LMPC will charter a joint subcommittee to guide the redesign efforts.
- B. The work of the Joint Sub-Committee shall include:
 1. Establishment of Design Team membership, time requirements and ground rules.
 2. Education by a redesign consultant on the process to be used.
 3. High Performance Work System learning opportunities, including site visits when appropriate.
 4. Development of the implementation plan results and timing.
 5. Plant communications on progress, learning, etc.
 6. Selection and chartering design teams.

COMPRESSED WORK WEEK

AWPPW Locals 183 and 644 - Kimberly-Clark Corporation - Everett Operations

A. The Compressed Work Week schedule will be cost neutral to both, Kimberly Clark Corporation, Everett Operations and AWPPW Locals 183 and 644, in that the Company will not experience any appreciable increased labor cost, or the Union any wage loss. In addition, safety, productivity, quality, efficiency and customer service must not be adversely affected by this work schedule. The cost evaluation, in this document, is based on a forty-eight (48) week cycle.

B. This Compressed Work Week document will apply only to Operating Tour Workers in the following Departments/Operational Units: Distribution, Converting, Tissue Manufacturing, Pulp/Dry Room, Materials Handling, and Utilities/Chips/Secondary Treatment.

C. Except for the specific terms and conditions outlined in this proposal, the existing collective bargaining agreement remains unchanged. Where conflicts exist between the Labor Agreement and this document, this document shall govern.

D. It is clearly understood by both parties that the continuous operation of required equipment is vital to the operation of the mill. Therefore, the success of this (12) twelve-hour shift schedule depends upon the adequate staffing and replacement provisions of this document. Because there are always (2) two crews off, employees should understand and expect that they will be required, at times, to work on their days off. They will be filling in for vacations, covering vacancies, working on shutdowns, attending meetings and for other reasons.

E. All matters that are not covered in this Compressed Work Week document will be covered by the provisions of the Labor Agreement. This document may be modified by the LMPC during the term of the Labor Agreement.

F. The LMPC will discuss and adjudicate problems that are encountered as a result of this Compressed Work Week document.

G. Work Schedule:

1. The schedule will be a (4) four-on, (4) four-off schedule. Work (4) four days (2 days, 2 nights) then off (4) four days. There is a (24) twenty-four hour period off between day shift and night shift; this is the, "swing day."
2. Independent Departments/Operational Units, by simple majority (50%+1) vote, may petition the LMPC to revise the Compressed Work Week schedule to a (4) four-on, (4) four-off schedule (4 days, 4 nights), after ratification of the trial.
3. Although the Compressed Work Week may be cancelled in accordance with the terms of this document, the (4) four-on (4) four-off work schedule will not be changed without mutual agreement between the parties.

H. Hours of Work:

1. The regular work week will begin at 8:00 a.m. on Monday.
2. The regular shift will consist of (12) twelve consecutive hours.
3. The regular starting time for all employees on the (12) twelve-hour shift schedule will be 8:00 a.m. for day shift and 8:00 p.m. for night shift.
4. Starting times may be changed by mutual agreement of the individual Department/Operational Unit.
5. For the purpose of shift relief, no employee will be allowed to "punch in" more than (15) fifteen minutes before the regular starting time.
6. Maximum consecutive hours of work will be (16) sixteen.

I. Overtime Pay:

1. Time worked during the first (12) twelve consecutive hours of a regular scheduled work day will be paid at the straight time hourly rate.
2. Time worked in excess of (40) forty straight time hours in any work week will be paid at the overtime rate of time and one-half.
3. All work performed on Sunday or a Holiday will be paid at time and one-half, with work in excess of (12) twelve hours paid at an additional half-time.
4. Employees working on their days off, which falls on a Sunday or a Holiday will be paid in accordance with the current Labor Agreement (additional half-time). Employees will not be required to work more than (1) one regular day off per calendar month, not to include off day meeting.

J. Call Time:

1. Call time pay remains at (3) three hours.
2. Call time notice remains at (36) thirty-six hours.
3. Call time for working Independence Day Holidays, Christmas Holidays, and Labor Day, will be paid at (4+1/2) four and one-half hours for each separate and distinct scheduled (12) twelve-hour shift worked.
4. Mandatory meetings on the swing day may be scheduled no more than (1) one-hour prior to regular start time. When mandatory meetings are held on the swing day, no call time will be payable for the meeting or for the return to work at the regular scheduled shift time provided (36) thirty-six hours' notice has been given.

K. Vacations:

1. Vacations will be "days off" to "days off": (4) four days off + (4) four work days + (4) four days off, for a total of (12) twelve days.
2. Time off for Funeral Leave, Jury Duty, Union Leave, and Vacation & Floating Holidays will be counted as (12) twelve -hour days for qualifying hours toward required (1,000) one-thousand hours. Time off for Workers' Compensation and Accident and Sickness will be counted per the Labor Agreement.

L. Floating Holidays:

1. There will be (4) four Floating Holidays each payable at (12) twelve hours of the employee's regular straight time rate, additional Floating Holidays earned will be payable at (12) twelve hours.
2. Half-day floaters will be (6) six-hour floaters, payable at (6) six hours, until the full (48) forty-eight hours is utilized. Half day floaters will be scheduled consistent with current Labor Agreement, Section 7 - Holidays, Paragraph 7. (I.e. must comply with one of the following conditions):
 - a. Relief is available on shift
 - b. No relief is necessary
 - c. The crew agrees to run short
 - d. A unit is shut down

M. Holiday Pay:

1. Holiday pay remains at (8) eight hours' pay at the straight time rate.
2. Pay for hours worked on holidays will be paid at an additional half-time at the straight time rate.
3. Holiday hours will be adjusted to coincide with the starting shift time.
4. Additional Floating Holidays for working July 3rd or 4th or December 24th or 25th will be paid at (12) twelve hours each.

N. Shift Differential for CWW employees:

| Effective | Amount |
|------------|--------|
| 12/22/2005 | \$.42 |
| 6/1/2007 | \$.47 |
| 6/1/2009 | \$.52 |

O. Funeral Leave: Employees will have their choice of taking either (2) two days or (3) three days off. The maximum amount of pay will remain at (24) twenty-four hours.

P. Jury Duty:

1. Compensation is limited to (12) twelve hours per day. Consistent with their work schedule, a maximum of either thirty-six (36) hours or (48) forty-eight hours (dependent on work schedule), will be paid per week.
2. An employee will not be expected to work the night shift before they are to report for jury duty. If the employee then serves on jury duty beyond 12:00 noon, they will not be expected to work that scheduled night shift. (This is for a starting time of 8:00 AM, if the starting time is 6:00 AM, then the 12:00 noon changes to 10:00 AM).

Q. Meetings:

1. Mandatory meetings on the swing day may be scheduled no more than (1) one hour prior to regular start time. Safety, education, job training, communication, crew meetings, and other small group activities, greater than one hour in length will not be scheduled immediately prior to, or following, an individual's (12) twelve-hour shift.
2. Employees may be required to attend a maximum of (6) six meetings per calendar year on their scheduled days off. Mandatory off-day meetings will be a maximum of (8) eight hours. Mandatory meetings less than (4) four hours will be paid at (4) four hours plus time worked.
3. There will be no call time paid for these meetings if notice was given 36 hours prior to meeting date. This meeting will be the last day of their (4) four days off.

R. Days Off:

1. On the first day off, the employee may work only the first (4) four hours or the last (12) twelve hours.
2. On the fourth day off the employee may work up to the first (12) twelve hours or the last (4) four hours.

S. Procedure for Filling Vacancies:

1. Call-in List: The Seniority Ground Rules will be written and approved by the corresponding Standing Committees
2. Each week there will be a Call-in List posted. All employee names will automatically be on the list. Before an employee clocks out to begin their (4) four days off they must indicate if they want their name removed from the Call in List. There will be no penalty for not being home.
3. Scheduled shutdowns, unscheduled vacancies, additional manpower for emergencies, or any other unscheduled overtime will be filled in accordance with the appropriate Seniority Ground Rules/Department/Operational Unit overtime procedures.
4. If the Company experiences curtailment because of lack of availability of qualified people on the Call-in List, the Company may elect to terminate the Compressed Work Week schedule in the affected Department/Operational Unit.
5. Formerly restricted holidays
6. Will be filled consistent with Ground Rule 29

T. Other Issues:

1. Consistent with our ongoing focus on employee safety and health, the Company will be diligent in resolving mitigating safety issues that may arise as a result of this proposed work schedule.
2. Crew structures may need to be altered to address varying production schedules.

COMPANY RULES

Effective June 1, 1999

1. ABSENCE FROM WORK

A. Report Off Procedure

If you are unable to report for work, notify the Company as soon as possible, but with at least four hour's notice prior to the start of your shift. All employees will notify the **Security Department** (425) 259-7444.

When calling, indicate the time you expect to return. Employees off work, who are unable to estimate a day of return, will need to give at least one full shift's notice prior to returning. This notice will be given to the **Security Department**. Work may not be provided if the above notification has not been given.

If your absence is expected to be for an extended period of time (more than one week), it is your responsibility to call the **Medical Department** (425) 259-7550 to state the date of your return to work or with the date of your next doctor's appointment. Whenever you are absent, this information must be provided. In addition, the **Medical Department** will call the absent employee periodically to follow-up or verify this information.

B. Return to Work Procedure

If you are absent (4) four or more working days, or if absent the day before or the day after your days off, you must present a written doctor's release to the **Medical Department** in order to return to work. (Note: A doctor's note does not in itself excuse your absences)

2. STATUS CHANGE

A. Employees are required to notify the **Kimberly-Clark Payroll Center, (KCPC)**, on-line through MySap or by fax at 1-865-541-7197, of changes in address, telephone number, W2's, name changes, payroll issues within (31) thirty-one days of change. To verify that all modifications were made contact the KCPC at 1-800-464-6138.

B. For changes in marital status, dependents, beneficiary, medical/dental benefits and 401K issues contact **Kimberly-Clark Benefits Center - 1-800-551-2333** within (31) thirty-one days of change.

3. BREAKS

In those departments where breaks are possible, breaks will be scheduled to meet the individual departmental requirements.

4. BULLETIN BOARDS

Send all notices to the Mill Manager's Assistant for approval. All postings will include an up and down date and will be posted for a maximum of (14) fourteen days.

5. CLOTHING

All employees must wear clothing appropriate to the industrial environment which meets safety requirements.

6. DRUGS

An employee will not knowingly use or have in their possession, without the **Medical Department's** knowledge and doctor's prescription on record, any "Drugs of Abuse," while on Company property. The "Drug of Abuse" will include Narcotics, Marijuana, Amphetamine, Barbiturates, and any of the hallucinogenic drugs.

When conducting for cause testing, a blood alcohol level of .02 is considered be a violation of this policy and would trigger corrective action. For violations of .02 up to, but not including .08, the employee would receive a single-day suspension. Any resulting recommended follow-up requirements with EAP for alcohol abuse would be offered on a voluntary basis.

7. INDUSTRIAL INJURIES

All industrial injuries must be reported immediately to the **Medical Department** in the Human Resource Building (Telephone 7550). If you are physically unable, have a fellow employee do this for you. The nurse on duty will arrange for doctor's care if such is necessary. If you are absent because of an industrial injury, the entire period of time loss must have proper medical documentation.

8. MATERIAL AND SALVAGE PASS

Employees will not be permitted to remove any material, package, or equipment from the Company's premises without proper authorization in the form of a Material Pass or a Salvage Slip which must be surrendered to the Gate Guard before the material is removed. Such material will be removed between the hours of 8:00 a. m. and 5:15 p. m. weekdays. Management will reserve the privilege of examining the contents of any bundle or container which is brought into or removed from the plant.

9. MILITARY LEAVE

Upon receipt or (2) two weeks prior to departing for military leave, employees will be required to notify and submit to the Human Resource Office a copy of the individual orders. This leave time pertains to training duty and other active duty commitments.

10. PARKING LOTS

Park in an orderly manner and in designated areas. No loitering is permitted. All employees are expected to remove their vehicles within (30) thirty minutes after finishing work. The parking lots are Company property and all applicable Company Rules will be enforced.

11. PHOTOGRAPHS

Cameras are not allowed on the plant premises unless the employee has a Company-pass authorization by the Mill Manager.

12. PREGNANCY

A pregnant employee should notify the Medical Department as soon as specified by the attending physician. The pregnancy leave will continue as long as the leave is supported by factual medical evidence.

13. TIME CARD

No employee shall punch a time card other than their own. An employee shall not punch their time card more than (7) seven minutes before their shift begins or more than (7) seven minutes after their shift ends.

NOTE: Employee punches may be rounded forward and/or backward up to (7) seven minutes to the nearest quarter hour increment.

14. VISITORS

No visitors are permitted in the plant at anytime without pass signed and authorized by Management. For information concerning tours and visitor passes, consult the Human Resources.

15. OTHER ACTIONS WHICH MAY RESULT IN SUSPENSION OR DISCHARGE

- A. Repeatedly reporting late for work.
- B. Absence from work without satisfactory reason.
- C. Repeatedly failing to register time card when reporting for work or leaving work.
- D. Repeated Absenteeism.
- E. Willful destruction or damage to machinery, equipment, tools, building or other property belonging to the Company or to fellow workers.
- F. Theft of Company property or personal belongings of fellow workers.
- G. Smoking except in permitted areas.
- H. Bringing intoxicants into the plant.
- I. Reporting for duty while under the influence of intoxicating liquor.
- J. Fighting, horseplay, or other disorderly conduct while on Company property.
- K. Insubordination or refusal to obey any reasonable order given by a Supervisor in the line of duty.
- L. Neglect of duty.
- M. Sleeping while on duty.
- N. Leaving the job without adequate cause. Under all circumstances, permission of Supervisor should be obtained.
- O. Any violation of the Company's Safety Rules.
- P. Dishonesty.
- Q. Immoral or indecent conduct.
- R. Deliberate falsification of Company records.
- S. Absence from work for a period of seventy-two (72) hours without proper notification.
- T. Possession of firearms or other weapons on the plant premises.
- U. Gambling on Company premises.
- V. Reading of books, magazines, newspapers, etc. while on duty, except for those publications directly related to work subjects.

THE THREE OBLIGATIONS

- **You are OBLIGATED to refuse to take any action you consider unsafe or which may cause property damage, or to perform a task for which you are not properly trained or do not have the proper tools, and to report your concerns to your Team Leader or Kimberly-Clark sponsor.**
- **You are OBLIGATED to confront anyone performing or about to perform an unsafe act, or a task for which they are not properly trained.**
- **You are OBLIGATED, if confronted by someone point out to you an unsafe act or condition, to immediately stop what you are doing and resolve the concern, even if it requires contacting others to help resolve the issue.**

IN WITNESS WHEREOF, the parties hereunto have caused the Agreement to be executed.

AWPPW Bargaining Board:

| | | |
|------------------|--------------------|---------------------|
| Frank Prochaska | <u>[Signature]</u> | Date: <u>1-3-06</u> |
| Kevin Standerfer | <u>[Signature]</u> | Date: <u>1-2-06</u> |
| John Minor | <u>[Signature]</u> | Date: <u>1-2-06</u> |
| Tom Wright | <u>[Signature]</u> | Date: <u>1-9-06</u> |
| Debbie Hanson | <u>[Signature]</u> | Date: <u>1-2-06</u> |
| David Herrera | <u>[Signature]</u> | Date: <u>1-3-06</u> |
| Don Zevenbergen | <u>[Signature]</u> | Date: <u>1-2-06</u> |
| Larry Skyta | <u>[Signature]</u> | Date: <u>1-2-06</u> |
| Mike Sea | <u>[Signature]</u> | Date: <u>1-5-06</u> |
| Ross Anderson | <u>[Signature]</u> | Date: <u>1-2-06</u> |

Company Bargaining Board:

| | | |
|---------------|--------------------|---------------------|
| Scott Helker | <u>[Signature]</u> | Date: <u>1/2/06</u> |
| Felix Vicino | <u>[Signature]</u> | Date: <u>1/2/06</u> |
| Gerald Noland | <u>[Signature]</u> | Date: <u>1/2/06</u> |